RESOLUTION ADOPTING THE 2019 LOW-INCOME HOUSING TAX CREDIT QUALIFIED ALLOCATION PLAN OF THE CONNECTICUT HOUSING FINANCE AUTHORITY

WHEREAS, the Connecticut Housing Finance Authority (the "Authority") is the designated state housing credit agency responsible for the allocation and administration of Low-Income Housing Tax Credits for the State of Connecticut; and

WHEREAS, by resolution approved May 30, 2019, the Authority authorized for public hearing its 2019 Low-Income Housing Tax Credit Qualified Allocation Plan; and

WHEREAS, a public hearing was held on June 20, 2019; and

WHEREAS, the public hearing has ended and comments have been reviewed; and

WHEREAS, the Authority desires to adopt the 2019 Low-Income Housing Tax Credit Qualified Allocation Plan, as provided herein.

NOW THEREFORE, be it resolved by the Board of Directors of the Connecticut Housing Finance Authority, as follows:

Section 1. The attached Low-Income Housing Tax Credit Qualified Allocation Plan for 2019 is hereby adopted.

Section 2. The Interim Executive Director of the Authority, or her successor, is hereby authorized to take all other actions consistent with this Resolution, the Qualified Allocation Plan, the Internal Revenue Code and the Regulations thereunder, as amended, as may be necessary to effectuate this Resolution.

To: **Board of Directors**

From: Terry Nash, Manager II, Multifamily

Date: July 25, 2019

CONNECTICUT HOUSING FINANCE AUTHORITY

Agenda Item: **Adoption of Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan** **Resolution**

Recommendation:

Adopt the 2019 application year Qualified Allocation Plan ("QAP") as presented.

Background:

At its meeting on May 30, 2019, the CHFA Board of Directors authorized a public hearing for the QAP, which remains unchanged from the 2018 QAP. After suitable notice, a public hearing took place on June 20, 2019 with 10 attendees from the public. Public comments were received from stakeholders and other interested parties at that hearing as well as throughout a thirty-day public comment period, which took place as advertised from June 2 – July 1, 2019.

Process:

The Board QAP Task Force meets to consider the current QAP and discuss potential revisions. For 2019, the QAP Task Force determined that the QAP should remain unchanged from the prior year. As is required by federal regulations, a public hearing was advertised and held to receive data, views and comments on the QAP as presented. Comments received are provided to the Board of Directors; accordingly, all written comments received as well as the transcript of the public hearing are attached for the Board's consideration. Final adoption includes Board approval followed by the approval of the Governor.

Summary:

General themes identified in the comments included support for energy efficiency, sustainability and Passive House as well as a desire for expanded points opportunities for the State Sponsored Housing Portfolio developments seeking credits for rehabilitation. Other comments concerned definitions or practices that are addressed in the LIHTC Glossary of Terms and/or the Supportive Housing Guidelines. Several new concepts were received in comments that will be considered in the 2020 QAP such as creating a set-aside for supportive housing rather than providing a points incentive, and adding points incentives for concepts such as:

- LEED certification;
- Healthy- or smoke-free housing;
- Developments located in an Opportunity Zone; and
- Housing development in southeastern Connecticut.

All comments have been considered and will become topics for discussion when the 2020 application year QAP revision is underway. It is recommended that the Board adopt the 2019 application year QAP as presented with no changes.

Attachments:

- Summary matrix of public comments received
- Transcript of public hearing
- Public comments received outside of public hearing
- QAP for adoption

cc: Diane L. Smith, Interim Executive Director

2019 Application Year Qualified Allocation Plan - Public Comments Summary

	Respondent	Profession	Affiliation/Representing	Comment
1	Charlie Adams	Developer	Pennrose	Consider including Opportunity Zones preference as a scoring criteria
2	Scott Bertrand	Executive Director	Housing Authority Town of Enfield	Modify Opportunity Characteristics points section to include SSHP developments; Modify SSHP Bonus Points section to include *all* SSHP developments, not just those currently noted
3	Alysson Blackwelder	Project Manager	U.S. Green Building Council	Additional 3 points should be included in the QAP Sustainability points section for LEED Certification
4 5	Erin Boggs, Esq. and Lisa Dabrowski, Esq.	Executive Director Policy Analyst	Open Communities Alliance	Recommends several changes designed to increase awards to higher opportunity area developments: adopt 60/40 buckets and Kirwan map; forward allocate to support zoning challenges; increase scrutiny of community revitalization plans
6	John Burt	Town Manager	Town of Groton	Urge CHFA to create a special points category for the production of new affordable housing in Southeastern CT
7	Edward Connelly	President	New Ecology, Inc.	Retain points incentives for sustainability measures; do not allow the potential for reduced funding to erase progress made on building housing that is energy and water efficient
8	Sheri Dieso, AIA	Architect	Bryant Dieso LLC	Urge continued commitment to sustainability; offer points or require [participation in] green building education programs for developers, designers, etc.
9	Sara Dodson Holmes	Architect	Private citizen, resident of Chester	Strongly encourage continued commitment to sustainability with continued inclusion of Passive House standards
10	Sara Dodson Holmes	Architect	Wyeth Architects LLC	Wyeth Architects strongly supports maintaining current level of incentives for Passive House standards
11	Alicia Dolce	Builder	CT Passive House Board of Directors	Supports continued inclusion of Passive House points in sustainable design section
12	William Freeman	Developer/Builder	Celebration Development Group, LLC	Urge increase in sustainable design measures points provide a stronger incentive

13	Keith Hedrick	Mayor	City of Groton	Request an amendment to the QAP to create a special points category for the production of new affordable housing units in Southeastern CT
14	Jim Horan	Executive Director	Local Initiatives Support Organization (LISC)	Require or add incentives for smoke-free housing
15	Chuck Litty	Retired, former Executive Director Credit Modeling, Bank of Montreal	Private citizen	Strongly supports maintaining Passive House points in QAP to benefit low-income households
16	Maureen Mahle	Managing Director, Sustainable Housing Services	Steven Winter Associates, Inc.	Increase incentives for sustainability and ultra-low energy consumption; add additional points for LEED (new increased sustainability points structure suggested)
17	Carol Martin	Developer	Housing Authority, Greenwich and Fairfield	Public Hearing: Happy that QAP remains the same
18 19	Michael Mattos and Elizabeth Collins	Owner/Developer AHSC Vice-President Peabody Properties	Affordable Housing and Services Collaborative, non-profit partner of Peabody Properties, Inc.	Amend QAP to create a special points category for the production of new affordable housing units in Southeastern CT
20	Todd D. McClutchy	Developer	JHM Financial Group, LLC	Suggests that supportive housing units point incentives be reconfigured to include relocated public housing residents; provide TOD points for proximity to proposed stations; add new category and award points for proposed developments in Opportunity Zones; award points to redeveloped public housing developments under the Opportunity Characteristics section; Expand eligibility for hybrid development applications; Add points for veteran contractors and CT-based contractors located in state for a minimum of 3 years.
21	Helen Muniz	Developer	Carabetta Companies	Request that CHFA reconsider mixed-income housing because of the added costs of market-rate units; properties with deferred maintenance should be considered at risk and eligible for preservation points; Request a review of waiver process and points awarded for qualified units; reconsider sustainable design points and not put weight on this category; consider one-

				seat link to CT Fastrak as TOD; eliminate $1.2 million credit max eligibility criteria in the SSHP bonus points category; concern about availability of gap financing
22	Tim Mustacato	Developer	Winn Development	Public Hearing: Concern about availability of gap financing
23	Chelsea Ross	Associate Director	Corporation for Supportive Housing	Set-aside a portion of tax credits for supportive housing instead of using the points incentive; award point for RSC to any applicant that has met criteria for providing supportive services to the entire development; suggests amending points award for developments located in QCTs or DDAs; expand criteria for award of TOD points; include medical or behavioral health facilities as neighborhood amenities in mixed-use developments; suggests adopting Kirwan map for opportunity characteristics
24	Ross Spiegel	Architect	Chairman, CT Green Building Council Advocacy Committee	Supports continued inclusion of sustainability and Passive House points
25	Thacher Tiffany	Developer	Beacon	Public Hearing: 20% total units at 50% AMI or below creates a disincentive to create true mixed-income housing; eliminate $1.2 million credit max eligibility criteria in the SSHP bonus points category; concern about availability of gap financing
26	Florence Villano	Housing Advocate	Affordable Housing Alliance (f/k/a CT Housing Coalition)	Supports inclusion of health-related criteria in future QAPs; CHFA should provide training to help non-profit developers achieve more points and greater success; points for opportunity characteristics should be reduced

NOTE: Comments are listed in alphabetical order by respondent’s last name.

STATE OF CONNECTICUT

CONNECTICUT HOUSING FINANCE AUTHORITY

Re: Public Comment on Proposed Amendments to Procedures and Qualified Allocation Plan (QAP) of the Connecticut Housing Finance Authority for the 2019 Application Year

Public Hearing held at the Connecticut Housing Finance Authority, 999 West Street, Rocky Hill, Connecticut on June 20, 2019, beginning at 1:00 p.m.

Held Before:

Terry Nash
Hearing Officer

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Appearances:

For Connecticut Finance Housing Authority:

Robert Hicks
Deborah Alter
Wendy Moores
Diane Smith

Present:
Carol Martin - Fairfield Housing Authority
Timothy Mustacato - Winn Development
Debra Hall - New Ecology
Caroline Caranci - HallKeen Management
Karmen Cheung - Pennrose
Thacher Tiffany - Beacon
Bruce Whitaker - Millenium
Charlie Adams - Pennrose
Cheryl Danin - Ment Properties
Helen Muñiz - Carabetta Companies

(Hearing commenced: 12:59 p.m.)

MS. NASH: I want to open the public hearing for the Qualified Allocation Plan, CHFA's Qualified Allocation Plan for 2019.

I'm going to, for the record, just read into the minutes the notice of the public hearing, which was published on the 2nd of this month.

Connecticut Housing Finance Authority is the Low-Income Housing Tax Credit allocating agency for the State of Connecticut. The public is hereby notified that CHFA will hold a public hearing on June 20, 2019, at 1:00 p.m., at its offices at 999 West Street, Rocky Hill, Connecticut, to receive data, views, and comments, with respect to its LIHTC Qualified Allocation Plan. All interested persons may attend.

The QAP is available to review by visiting our website. Written statements in place of or in addition to oral statements may be submitted to CHFA at its business offices, to the attention of Terry Nash, no later than close of business July 1, 2019.

Thank you all for coming. As you noted in the materials that you may have reviewed online,

there are no changes in the 2019 QAP, but we're very interested in your comments. If we could start with maybe Carol and go around the room with whoever would like to speak, I would appreciate it.

MS. MARTIN: Sure. I actually just had a question. Carol Martin representing the Fairfield and Westport Housing Authorities.

So the Passive House, you know, you're obviously keeping it this year in the QAP. And Terry, maybe you're not the person that can answer the question, but I know there are at least probably one or two projects underway constructing with Passive House. Do we have any information on costs related to, you know, constructing something that meets those standards?

MS. NASH: Cost standards or costs -- real costs?

MS. MARTIN: Yes, right, actual costs. Are we getting any feedback in? I was just wondering. I mean, obviously, I think it's a noble thing and you folks have, you know, certainly weighted it appropriately in the QAP, but I was wondering maybe practicality. You know, there was, I think, some learning curve with a lot of contractors and subcontractors, and I was wondering if we had

gotten any feedback about, you know, actual construction costs, you know, either negatively or positively.

MS. NASH: I can share something after the fact, like in a frequently-asked-questions.

MS. MARTIN: Yes.

MS. NASH: And then direct it to our folks on the floor that are better able to answer that question.

MS. MARTIN: Right. Okay.

MS. NASH: If you don't mind. But it's a good question.

MS. MARTIN: No, not at all. I figured you couldn't but, you know, I think it would be really helpful to know, obviously. And if, you know, we're going to keep with sustainable construction, it would just be good to know if, you know, the contractors are, you know, pricing out, you know, that type of construction a little bit differently than they would, you know, our typical, you know, HERS-rated work, you know.

MS. NASH: Gotcha.

MS. MARTIN: That was it. But I'm really happy that you folks are keeping it the same.

MS. NASH: Good, good.

Just as a point to make, if you're going to speak or ask a question, please, like Irma had asked earlier, our court reporter, if you could say your full name first and your affiliation, so it makes it easier for her in the documentations. Okay.

And if you haven't already, leave either a business card or your name and affiliation on that paper up front. Thank you.

Bruce?

MR. WHITAKER: I would have had a comment but I woke up with laryngitis, so I have no comment.

MS. CARANCI: I have two general questions. My name is Caroline Caranci from HallKeen Management.

One is isn't a pre-application kind of meeting with CHFA, if possible, to kind of go through --

MS. NASH: Yes.

MS. CARANCI: -- what the process is? Do we just reach out and kind of schedule something?

MS. NASH: That would be perfect.

MS. CARANCI: Okay. Great. And that can then form like including some plans and concepts of the redevelopment and all of that?

MS. NASH: Yes.

MS. CARANCI: Perfect. And then my second question is if we're unfortunate and we don't get awarded in the round we're applying, is there another meeting that we have with CHFA that provides feedback on, you know, possibly what we could do better the next time around?

MS. NASH: Yes.

MS. CARANCI: Okay. And similar process? Like, it's established once everyone finds out?

MS. NASH: Exactly.

MS. CARANCI: Perfect. Great. Thank you.

MS. MUÑIZ: Hi. Helen Muñiz with the Carabetta Companies.

I do have a few items that I'd like to address to you, Terry, and to the CHFA staff.

First, I was a little concerned that the QAP did not change at all. Due to the current fiscal environment that the State is in and the lack of the gap financing, as we all know, the bond package has not come out for the State, but in the conversations with the legislature and in the governor's budget there was no bonding for housing. So seeing as our gap financing is, right now, almost disappearing, except for the federal funds,

I thought that the priorities would be driven by the constraints in the gap financing. So that was a concern for me.

One of the elements in the QAP, the mixed-income housing, all relates to that topic with costs and the associated cost of providing market-rate housing in these projects.

As we know, if you're going to create market-rate units in a project, you have to provide the market-rate amenities. And Fair Housing does not allow us to just provide it for the market-rate units, we have to provide it for all units. So there is a cost associated with including those market-rate units in a project, and I would really like CHFA to take a look at those costs that are associated with bringing in market-rate units and those amenities into a project.

Secondly, Preservation of Affordable Housing. There's two categories: 1E is Preserves At-Risk Affordable Housing; and 1F, Production and Preservation of Affordable Housing.

Both of those preservation categories are tied, first of all, the one -- the first one, 1E, is only tied to losing the restriction of affordable housing within a year -- within three

years. So it really doesn't provide any type of incentive for the -- or points for the preservation -- to preservation of projects.

The Production and Preservation Category, 1F, only allows for points if you have a 10 percent increase in units, and those units must be deed-restricted units. So although you incorporate some mixed-income market-rate units into the project, you're taking away from the affordable units in a true preservation project.

Specifically I bring that up because in projects where we're trying to preserve a project-based HAP contract that where the project is 100 percent project based, it really presents a problem for the developer, with HUD, because, as you know, HUD is not of -- is not receptive to losing affordable units in a project. So it really does create a significant burden for those projects that do have a rental subsidy associated with it. And as we know, rental subsidies do not exist in the state of Connecticut right now, in terms of the State providing any rental subsidies. So I think it's important for the Authority to take a look at how we can preserve these 100 percent project-based HAPs that come with the project.

And even in that category, Production and Preservation, even if it's a project that is being preserved and the units have been deemed structurally obsolete and need to be fully constructed, they do not receive any points, even though they are new construction. So that is a significant concern for preservation projects.

Also, 2B, Credits For Qualified Units. In the last round there was significant amount of waivers issued due to the credits for qualified units for projects that exceeded the limit at 27-5 per unit.

The waivers were issued and the projects were awarded funding. Five out of the seven, I believe, received waivers. One received over 20 percent of the allocation. I am concerned that projects that are receiving waivers are receiving points in that category.

By virtue of receiving a waiver, I didn't understand why they still received points in the category. So whether you stay within the limit or you go above the limit, you still receive points. And those projects that brought in more equity and stayed below the limit really received no extra points, or the projects that receive a waiver are

not penalized at all. So I would really request that the waiver process be reviewed and maybe a more fair way of awarding those points can be achieved.

The other element that I'm going to speak to, and I'm going to go contrary to what Carol just said, but it is sustainable design. Once again, I go back to the costs associated and also performance. We really don't have any performance measures on these properties. And as Carol alluded to, you know, we have had some projects now that have had the Passive House design, and maybe it's time for us to get some performance measures on those properties.

And also, due to the lack of funding and the costs associated, which have not been really quantified, but I think it's a good time to do that, should we be imposing design measures on affordable housing projects that the market hasn't even adopted.

So developers in the open market are not designing to Passive House. The Code does not require Passive House design. So I'm of the thought -- and you guys all know that I worked in public service for 31 years, so I am of the thought

that if we have a project that's being subsidized through public forum, we should probably not be designing ourselves into bigger gaps.

So I just would ask that your design team really take a look at those measures that are above and beyond what the market is doing, and should we really be imposing those design standards on affordable housing at a time where gap financing is disappearing.

And I will provide you my written comments, Terry.

MS. NASH: Perfect. Thanks, Helen.

MS. MUÑIZ: Thank you.

MR. TIFFANY: I'll do one.

MS. NASH: Thank you.

MR. TIFFANY: Thacher Tiffany from Beacon Communities.

I guess I'll add my voice to the concern about lack of gap financing. It's very difficult to plan for an application in November without knowing what the Department of Housing will have available. Of course, that's not within the control of this group, but it's hard to plan.

There's something that's been bugging the folks at Beacon when we look at projects, which I

just -- we've noted to CHFA before, but I'll raise again.

Under the threshold, you know, the bulleted threshold items, there's a requirement that a minimum of 20 percent get 50 percent AMI. It's on page 8. And it's 20 percent -- it's stated at 20 percent of the protect, the total protect. And this -- we don't have a mixed-income, you know, heavily mixed-income development at the moment, but in the past when we have looked at mixed-income developments, we really have, like, 50 percent, 60 percent of the property with market-rate housing. This creates a real disincentive to want to do that market-rate housing.

I think most of us would agree, you know, doing true mixed-income housing is of real value for a community development. We see a lot support. It's a lot easier to get local support when you've got a large share of market-rate housing. But this particular provision makes it difficult to do the financing because it's 20 percent of the total.

So, you know, for example, if you've got a building that's 50 percent market rate, 50 percent affordable, 20 percent of all the units need to be at 50 percent, so then you have -- you can --

instead of 20 percent of the qualified share.

25 percent of the qualified share would seem more appropriate, would seem more the intent to end up with a mixed -- well, you know, a diverse mix of incomes and something we would advocate for.

I'm sure there's a -- you know, I don't know the origin of the requirement. That also carries over -- that language also carries over in the points under 1C. It's referenced as a percentage of total units. Whereas, you know, with a 25 percent targeted low income, it's a share of the qualified units.

It just creates a weird incentive where you don't really want to bring market -- you don't want to do true mixed-income housing because of that trade off. As soon as you add more market units, you lose 60 percent units.

One other comment, totally different comment. There is a -- I think it's the last point on here, number 6, SSHP Development, Additional Points. Three points for SSHP developments but only that don't exceed 1.2 million in credits -- in annual tax credits. We prefer that be just similar to the -- there be no cap on that. It would just be like any project. That's all.

MS. NASH: Thank you, Thacher.

MR. ADAMS: Charlie Adams from Pennrose Properties. I have just a comment here to things that were said. But two things I could add or one question is in terms of the schedule, I know we're talking about the schedule for when we think the next round would be for when the mixed 9 percent applications would be due, has that been established?

MS. NASH: The date? The exact date?

MR. ADAMS: Yeah. The application says it may be similar to -- in years past it was the end of October. Is that still --

MS. ALTER: It's going to be around then, Charlie. We haven't set an actual date yet.

MR. ADAMS: Okay. And then if I could address -- we're doing Passive House. It's about 5 percent of the construction costs.

MS. MARTIN: It increased 5 percent?

MR. ADAMS: Yes.

MS. MARTIN: Okay. Thank you, Charlie. In which locale?

MR. ADAMS: Well, we're doing it in Meriden and in Hartford, both about 5 percent.

MS. MARTIN: Good. That's very helpful.

Thanks.

MS. NASH: Thank you.

MR. MUSTACATO: No real comment. Would echo -- Tim Mustacato from Winn Development. I would really just echo the gap financing question, but not to beat a dead horse.

MS. NASH: Thank you.

We'll have all of these comments transcribed. They'll be published online as frequently-asked-questions. If there are questions that come in, either have come already or will come after this hearing, so that everyone has the benefit of knowing what the questions were and what the potential answers may be.

To specific questions that we haven't answered today, we will have those as well. We are anticipating bringing this matter to the Board in July for their consideration and adoption of the QAP.

MS. MUÑIZ: So will you be publishing them after the comment period is closed or will you update them as you go along?

MS. NASH: Typically we do it after the comment period is closed, so that everyone knows what came in.

MS. MUNIZ: Okay. Great.

MS. NASH: We'll leave the hearing open for another ten minutes or so. But if anybody wishes to go, that's fine too. If anybody else happens to stroll in, we'll take comments for a while longer. But I just wanted to let you know you're not captive.

(Recess: 1:18 to 1:35.)

MS. NASH: All right. Thank you everyone for coming. It's 1:35. We'll close this public hearing.

(Hearing Adjourned: 1:32 p.m.)

CERTIFICATE

I hereby certify that the foregoing 17 pages are a complete and accurate computer-aided transcription of my original stenotype notes taken of the Public Hearing, which were held in re: Proposed Amendments to Procedures and Qualified Allocation Plan (QAP) of the Connecticut Housing Finance Authority for the 2019 Application year, which was held at Connecticut Housing Finance Authority, 999 West Street, Rocky Hill, Connecticut on June 20, 2019.

IRMA I. SANCHEZ-FARNHAM
Court Reporter

Nash, Terry

From: Charlie Adams <cadams@pennrose.com>
Sent: Friday, June 28, 2019 11:27 AM
To: Nash, Terry
Cc: Karmen Cheung; Charlie Adams
Subject: RE: QAP Comment

Follow Up Flag: Follow up
Flag Status: Flagged

I am writing to urge CHFA to consider the inclusion of Opportunity Zones as a scoring criteria for the scoring of applications to the Low Income Housing Tax Credit Program. We believe that the State Legislature and Governor have identified particular communities within the State that it wants to direct economic investment in. Providing a preference for projects located within Opportunity Zones would be consistent with the intent of the federal and state legislature in their enactment of Opportunity Zones and would allow those projects to leverage this policy for the production of affordable housing.

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Karmen Cheung
Associate Developer
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June 25, 2019

JUN 26 2019

Terry Nash
CT Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

Re: 2019 LIHTC Qualified Allocation Plan Comments

To Whom It May Concern,

I am writing to provide comments regarding the 2019 LIHTC Qualified Allocation Plan (QAP). The Draft 2019 QAP should be modified to help protect and preserve the State of Connecticut's investment into the State Sponsored Housing Portfolio (SSHP). From the 1950's well through the 1980's, the State took a leading role in affordable housing development with the creation of thousands of units of Moderate Rental, Elderly/Disabled and Congregate housing. Connecticut is one of a few states to develop such programs. The QAP should be revised to address the desperate needs of the portfolio. Please consider the comments below.

Section 4. Opportunity Characteristics, b. Development located in Area of Opportunity awards up to 9 points. However, the points are only available if the units are non-age restricted and 50% of the units are two bedroom or larger. This excludes all of the Elderly/Disabled SSHP developments. This section should be modified to make the points available all SSHP units.

Section 6. SSHP Developments – Additional Points are only awarded to new non-age restricted housing that contain two or more bedrooms. Awarding points in this manner neglects our vulnerable elderly and disabled population. This section should also be modified to make the points available <u>all</u> SSHP units.

The QAP should recognize the need to rehabilitate, redevelop and possibly expand, the SSHP communities including SSHP Elderly/Disabled developments over the Federal Public Housing program. While there has been significant reinvestment during the past eight years, a significant number of units are in the serious need of rehabilitation and/or redevelopment. Without further investment, many of these units are at a serious risk of failing. The modifying the QAP could help to protect the State's investment into the unique SSHP program.

Thank you for the opportunity to provide input to the draft plan. Please feel free to contact me should you have any questions regarding the above information.

Sincerely,

Scott C. Bertrand

Scott C. Bertrand
Executive Director

Nash, Terry

From:	Alysson Blackwelder <ablackwelder@usgbc.org>
Sent:	Friday, June 28, 2019 2:36 PM
To:	Nash, Terry
Cc:	Elizabeth Beardsley; Jennifer Gunby; Alicia Dolce; Ross Spiegel
Subject:	USGBC Comments on 2019 QAP Draft
Attachments:	USGBC CT 2019 QAP Comments FINAL.pdf

Good afternoon Terry,

Please see the attached comment letter from the U.S. Green Building Council in regards to the 2019 Connecticut QAP. If you have any questions, please do not hesitate to contact me. Thank you for your consideration.

Alysson

Alysson Blackwelder
Project Manager, Advocacy and Policy
U.S. Green Building Council
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FOUNDERS
David Gottfried
Michael Italiano
S. Richard Fedrizzi

June 28, 2019

Diane Smith, Interim Executive Director
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

Dear Director Smith:

On behalf of the U.S. Green Building Council, our nearly 9,000 member companies nationwide, and our strong Connecticut community, we are pleased to provide the Connecticut Housing Finance Authority (CFHA) with our comments regarding the *Low-Income Housing Tax Credit Qualified Allocation Plan, 2019 Application Year*.

USGBC and LEED in Connecticut

USGBC is a nonprofit organization committed to transforming the way all buildings and communities are designed, built, and operated to support a sustainable, resilient, and prosperous environment that improves the quality of life for all. Our flagship green building system, LEED, continues to grow in Connecticut with more than 200 single-family homes and more than 1,000 multi-family housing LEED for Homes certified projects. In addition, there are over 300 LEED certified commercial and high-rise residential projects in Connecticut, amounting to a total of more than 26 million square feet. Representing the full range of the building sector, including builders, product manufacturers, professional firms, and real estate, nearly 120 Connecticut-based organizations are USGBC members, and almost 2,000 individuals in Connecticut hold a LEED professional credential.[1]

LEED takes a comprehensive approach to green housing by considering resident health and comfort as well as objectives such as energy and water efficiency and indoor environmental quality. LEED projects must meet a set of rigorous criteria within prerequisites and flexible credits that, when combined, set building projects on the path to excellence in sustainability and overall resilience. The third-party certification supported by LEED ensures accountability, total value, and building performance outcomes for housing advocates and taxpayers alike, while the energy and water resources saved by building to LEED translates to reduced costs for residents.[2]

Exemplifying how LEED supports high quality and high performing affordable housing in Connecticut is the Metro Green project in Stamford, which earned LEED Gold in 2017. This mixed-income, 11-story housing development has 131 residential units, 73 of which

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[1] State Market Data Briefs, USGBC.
[2] "U.S. States Increasingly Embrace Green Affordable Housing," USGBC blog, 2019.

are affordable. The project takes a whole-building approach to energy efficiency, including proximity to public transit, it incorporates efficient features that support a healthy and sustainable community including a well-insulated envelope, ENERGY STAR light fixtures, high performance windows, and an ongoing recycling program. Metro Green has received funding in part through the Low-Income Housing Tax Credit (LIHTC) program, to support low-income residents in the Stamford area.

To learn more about how affordable housing projects benefit from LEED, see USGBC's brief Green For All: Healthy and Efficient Affordable Housing.[3]

LEED Certification Should Be Included in 2019 Connecticut Qualified Allocation Plan

On behalf of our member organizations and credentialed professionals in Connecticut, USGBC recommends that the CHFA expand the current green building standards as included in the 2019 QAP draft to ensure that funded low income projects are green, so that their future residents benefit from energy efficient, healthier housing.

We note the 2019 draft plan includes several measures to increase the efficiency of projects receiving LIHTC funds, namely by offering several paths for compliance with criteria for Section (f) on Sustainable Design. The draft allows paths for Passive House certification, high-performance building design, and the incorporation of an integrated renewable energy system.

Specifically, USGBC urges the CHFA to make two changes to increase the effectiveness of the QAP in delivering housing projects that are high-performing, resilient, and supportive of health:

1) Add LEED certification as an acceptable path to comply with criteria within the Sustainable Design section, thus making projects earning LEED certification eligible for competitive points, and
2) Equate LEED certification with an available total of three (3) points within the Sustainable Design section.

Adding LEED gives developers a proven system as an option for projects that is well known in the market, thus providing advantages for efficiency project delivery. As noted above, more than 2,000 professionals in Connecticut hold a LEED credential, and there are more than 1,000 LEED-certified multifamily projects. Adding LEED to the systems recognized gives market choice while protecting the public investment with third-party certification.

[3] Available at https://www.usgbc.org/resources/green-all-healthy-and-efficient-affordable-housing.

LEED Is Proven to Perform in Low Income Housing in terms of Both Health and Savings

LEED has been shown by numerous studies to perform well in post-occupancy operations in providing healthier conditions as well as by saving energy, water, and money.[4]

Americans spend about 90% of their time indoors and much of that is in our homes. The EPA estimates that indoor air is between two and 10 times more polluted than outdoor air. The U.S. Centers for Disease Control and Prevention found that low-income individuals have the highest rate of asthma; and 21% of all asthma cases are a direct result of home conditions, like mold and mildew. LEED-certified homes are designed to maximize fresh air indoors and minimize exposure to airborne toxins and pollutants and require proper ventilation, high efficiency air filters and measures to reduce the possibility of mold and mildew. Green buildings prioritize the use of adhesives, sealants, and finishings that have little to no volatile organic compounds (VOCs) to improve air quality.

A Washington, D.C. study of green certified low income housing renovations identified significant health benefits to residents.[5] According to the study, self-reported general health in adults significantly improved from 59% to 67%; allergen dust loadings showed large and statistically significant reductions and were sustained at one year. The study also reported energy and water cost savings of 16% and 54%, respectively.

Importance of Sustainable, High-Performing LITHC Projects in Connecticut

For affordable housing residents in Connecticut, truly sustainable housing outcomes, like those provided by LEED projects, support a more stable, vibrant, and economically sound community and workforce. Particularly for low-income communities in the Connecticut, it is imperative to consider health and social equity in the development of affordable housing guidelines.

Notably, a 2015 study by the Economic Policy Institute found that Connecticut had the highest ratio of income inequality between the average top one percent of taxpayers

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[4] For example, studies by the U.S. General Services Administration showed that the agency's high performing buildings show 23% less energy use, 28% water use, 23% less building operating expenses, and a 9% decrease in waste, while Washington State has found across 29 LEED buildings, state agencies and higher educational facilities reduced their energy use by an overall average of 37%. See USGBC brief, https://www.usgbc.org/sites/default/files/LEED-Energy-Performance-Brief-FINAL.pdf

[5] Jacobs, DE, et al. Health and housing outcomes from green renovation of low-income housing in Washington, DC.J Environ Health. 2014 Mar;76(7):8-16, available at http://www.ncbi.nlm.nih.gov/pubmed/24683934 .

and the average income of the bottom 99 percent. The state's 51.0 top-to-bottom ratio was the highest in the U.S., revealing the relative concentration of higher income sectors in certain areas of the state, as well as concentrated poverty.[6]

CHFA plays a critical role in implementing the LIHTC program to provide greater opportunities for high-quality, sustainable, resilient housing for the state's low-income populations. By including LEED certification as an acceptable means for achieving points for Sustainable Design, CHFA will demonstrate its commitment to resident health and wellness, along with its goals for energy and water savings.

If you have any questions or seek additional information, please contact me at ablackwelder@usgbc.org. Thank you for your time and your consideration.

Sincerely,

Alysson V Blackwelder

Alysson Blackwelder
Project Manager, Advocacy and Policy
U.S. Green Building Council

[6] The Increasingly Unequal States of America: Income Inequality by State, 1917 to 2012; Economic Policy Institute.

Nash, Terry

From: Erin Boggs <erin@ctoca.org>
Sent: Tuesday, July 02, 2019 11:27 AM
To: Nash, Terry
Subject: Corrected Comments on 2019 Draft QAP - 7-1-2019 - Final v2.pdf
Attachments: Comments on 2019 Draft QAP - 7-1-2019 - Final v2.pdf

Terry – Please accept this version of our letter instead. We found a few small data errors.

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Check out Open Communities Alliance at http://www.ctoca.org! Like what we're doing? Consider supporting OCA!

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Embracing Diversity to Strengthen Connecticut

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ALLIANCE

July 1, 2019[1]

Terry Nash, Policy and Program Development
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

Thank you for this opportunity to comment on the Connecticut Housing Finance Authority's (CHFA) 2019 Draft Qualified Allocation Plan (QAP) for the federal Low Income Housing Tax Credit (LIHTC) program. As you may know, Open Communities Alliance is a non-profit civil rights organization dedicated to eradicating racial segregation and opportunity isolation through a particular focus on housing policy. Because the 2019 Draft QAP is unchanged from 2018, we will take this opportunity to share some recent program data we have analyzed and reiterate the key recommendations we made in our letter last year, which is attached.

In brief, we understand the Connecticut Housing Finance Authority is striving to employ a prudent policy of leaving the QAP unchanged over multiple years to permit a level of certainty and reliability for housing developers working on projects that take several years to line up. However, as OCA has assessed whether more LIHTC developments are located in thriving "High" and "Very High" opportunity areas we find the program outcomes grossly insufficient considering the history of segregating LIHTC development placements in Connecticut. To address this, we suggest CHFA immediately adopt the recommendations put forth in this letter. Short of that, we suggest that if the number of higher opportunity applications and awards in 2019 does not substantially improve – doubling or tripling – CHFA adopt OCA recommended measures in 2020.

Opportunity Access Through the LIHTC Program

Since the CT LIHTC began in 1987 through of the end of 2018, 76% of LIHTC developments in CT have been located in Low or Very Low Opportunity areas as defined by the Department of Housing. Only 12% have been place in High and Very High opportunity areas.

Connecticut LIHTC Investments through Spring 2019					
DOH Opportunity Level	**Very High**	**High**	**Moderate**	**Low**	**Very Low**
Percentage of LIHTC Units	8%	4%	12%	26%	50%

[1] This version of this letter has been updated to correct a handful of data errors.

The changes to the 2017 QAP were made in the hopes of generating more higher opportunity applications and actual awards, but we are very concerned that these changes did not go far enough to support higher opportunity development.

Application Performance

Connecticut LIHTC Units Applied for by Opportunity 2014-2019 ("Improved" QAP issued in 2017)						
	2014	2015	2016	2017	2018	2019
Very High	0%	0%	6%	0%	0%	0%
High	14%	5%	0%	0%	6%	5%
Moderate	14%	46%	17%	8%	7%	0%
Low	22%	11%	28%	31%	38%	13%
Very Low	50%	39%	48%	62%	50%	81%

In terms of applications, the total percentage of units applied for each of the last six years by opportunity are listed above, but perhaps a more helpful way to consider whether the 2017 QAP changes generated the desired results is to look at the three years preceding the changes as comparted to the three years after the changes were instituted. By this measure, the new policy is failing. There was a small drop in the overall number of units applied for in High and Very High opportunity areas, from 8% to 4% and, more significantly, a notable increase in the percentage of units applied for in Low and Very Low Opportunity areas, from 67% to 92%. A well-structured application should be increasing not decreasing applications for units in higher opportunity areas.

Connecticut LIHTC Units Applied for the Three Years Pre- and Post-2017 QAP Changes						
2014-2016				**2017-2019**		
Very High	2%	*High & Very High Combined*		**Very High**	0%	*High & Very High Combined*
High	5%	8%		**High**	4%	4%
Moderate	26%			**Moderate**	5%	
Low	21%	*Low & Very Low Combined*		**Low**	27%	*Low & Very Low Combined*
Very Low	46%	67%		**Very Low**	65%	92%

Award Performance

Upon preliminary inspection, it appears that perhaps the changes instituted in 2017 are finally starting to take hold with a 13% increase in the number of units in higher opportunity areas receiving LIHTC support. This success comes as the result of credits awarded to a single 56-unit development in East Lyme, CT, which should be celebrated, but is nowhere close to the significant percentage of higher opportunity placements needed to counteract decades of segregating allocations.

Connecticut LIHTC Credits Awarded by Percentage of Units 2014-2019						
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Very High	0%	0%	0%	0%	0%	0%
High	0%	0%	0%	0%	0%	13%
Moderate	14%	48%	23%	0%	0%	0%
Low	11%	17%	14%	28%	38%	31%
Very Low	75%	36%	63%	72%	62%	56%

Furthermore, looking at the six-year comparison analysis is also informative. During the 2014-2016 period 0% of the awarded units were in High and Very High Opportunity areas whereas 4% were in such areas in the 2017-2019 period. However, that was offset by the fact that under the new QAP regime the percentage of awarded units in Low and Very Opportunity areas increased drastically from 71% in 2014-2016 to 95% in the 2017-2019 period.

Connecticut LIHTC Units Awarded for the Three Years Pre- and Post-2017 QAP Changes					
2014-2016			**2017-2019**		
Very High	0%	*High & Very High Combined*	**Very High**	0%	*High & Very High Combined*
High	0%	0%	**High**	4%	4%
Moderate	29%		**Moderate**	0%	
Low	14%	*Low & Very Low Combined*	**Low**	31%	*Low & Very Low Combined*
Very Low	57%	71%	**Very Low**	64%	95%

We encourage CHFA to consider the reasons for these trends and adjust agency policy to counteract disincentives to higher opportunity applications and awards.

Recommendations

OCA recommends several changes to the QAP that will foster greater geographical balance in the applications received which will lead to an increased number of awards to higher opportunity developments. Our recommendations are summarized here and described in more detail in our 2018 comment letter (attached).

(1) **Sixty/Forty Buckets.** As we have suggested for the past several years, CHFA should adopt "buckets" by opportunity category, as defined by the Department of Housing, with 60% of LIHTCs dedicated to proposals in High and Very High opportunity areas and

40% allocated to Very Low, Low, and moderate opportunity projects with an emphasis in such areas on projects that revitalize while decreasing poverty concentration. Threshold requirements can be established to ensure that only high quality proposals are considered and if an insufficient number of acceptable proposals are received within any bucket, the credits should be used, within the same year, on other high scoring proposals, regardless of location.

(2) **Adopt Department of Housing Opportunity Definitions.** There are significant and concerning differences between CHFA's opportunity definitions and opportunity as defined by the Department of Housing (DOH). We strongly recommend that CHFA adopt DOH's opportunity mapping structure.

(3) **Forward Allocation to Support Zoning Challenges.** We recommend that CHFA establish a policy of forward allocating credits in the event that a promising higher opportunity proposal encounters zoning challenges.

(4) **Increased Scrutiny of Concerted Community Revitalization Plans.** We recommend that CHFA implement a more defined policy for assessing whether a LIHTC proposal planned for a Qualified Census Tract is truly part of a concerted community revitalization plan.

Conclusion

While there is still a possibility that the 2017 QAP changes will create an incentive for higher opportunity LIHTC proposals in 2020, OCA remains concerned that without the deeper QAP adjustments we recommend this is unlikely or, in any event, will not occur at meaningful levels. We are also deeply concerned that the percentage of both proposals and credit awards in Low and Very Low Opportunity areas has increased substantially over the last three years.

The LIHTC program is the foundational source of funding for many Connecticut developments employing layered subsidies and thus the policies CHFA adopts drive the use of other housing subsidies throughout the state. We encourage CHFA and the state of Connecticut to adopt the recommendations set forth here as a means of ensuring that the LIHTC program complies with state and federal fair housing mandates.

Thank you for this opportunity to comment.

Sincerely,

E. Boggs

Erin Boggs, Esq.
Executive Director

OPEN COMMUNITIES
ALLIANCE

June 7, 2018

Terry Nash, Policy and Program Development
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

Thank you for this opportunity to comment on the Connecticut Housing Finance Authority's (CHFA) 2018 Draft Qualified Allocation Plan (QAP) for the federal Low Income Housing Tax Credit (LIHTC) program. We truly appreciate elements in this draft designed to address the extreme geographic concentration of LIHTC developments in high poverty neighborhoods of color. We would like to note particularly that removing the point previously awarded for projects garnering local support is an important adjustment that supports the creation of LIHTC developments in high opportunity towns with a dearth of affordable option.

That said, considering this program's highly problematic fair housing history and the current dearth of proposals that would generate access to opportunities for low-income families of color, we recommend that CHFA take four additional steps to ensure that the 2018 QAP affirmatively furthers fair housing and avoids creating a disparate impact on people of color. We welcome the opportunity to discuss our concerns with you directly.

In QAP comments over the last several years and in legislative testimony in 2015 and 2016, Open Communities Alliance has clearly outlined a proposal for meaningful changes to the QAP process. Our recommendations draw on reforms that have worked successfully in other states and are supported by LIHTC, poverty, and civil rights legal experts across the country.[1] While in other states many reforms have only come about after litigation was brought or threatened, we have focused on seeking reforms to Connecticut's LIHTC program using non-litigation strategies.

In short, we recommend four major changes to the program:

(1) Sixty/Forty Buckets. As we have suggested for the past several years, CHFA should adopt "buckets" by opportunity category, as defined by the Department of Housing, with 60% of LIHTCs dedicated to proposals in high and very high opportunity areas and 40% allocated to very low, low, and moderate opportunity projects with an emphasis in such areas on projects that revitalize while decreasing poverty concentration. Threshold requirements can be established to ensure that only high quality proposals are

[1] Legal Memorandum from Michael Allen, Myron Orfield, and Florence Roisman, May 27, 2015, https://d3n8a8pro7vhmx.cloudfront.net/opencommunitiesalliance/pages/204/attachments/original/1449634444/OCA_respons

considered and if an insufficient number of acceptable proposals are received within any bucket, the credits should be used, within the same year, on other high scoring proposals, regardless of location.

(2) **Adopt Department of Housing Opportunity Definitions.** There are significant and concerning differences between CHFA's opportunity definitions and opportunity as defined by the Department of Housing (DOH). We strongly recommend that CHFA adopt DOH's opportunity mapping structure.

(3) **Forward Allocation to Support Zoning Challenges.** We recommend that CHFA establish a policy of forward allocating credits in the event that a promising higher opportunity proposal encounters zoning challenges.

(4) **Increased Scrutiny of Concerted Community Revitalization Plans.** We recommend that CHFA implement a more defined policy for assessing whether a LIHTC proposal planned for a Qualified Census Tract is truly part of a concerted community revitalization plan.

The Current State of the Connecticut LIHTC Program

Over the life of the LIHTC program in Connecticut, 51% of units have been placed in very low opportunity areas – that is, the 2% of the land area of the state with the fewest resources and opportunities for low-income families. Unfortunately, this has only gotten worse in recent years, with 62% of units being placed in very low opportunity areas since 2011. Similarly, 63% of units have been placed in qualified census tracts, which are overwhelmingly very low opportunity. In fact, no higher opportunity projects have been funded since 2014 and no higher opportunity applications were even received in either 2016 or 2017. It is difficult to tell whether that suggests that the changes to the QAP in recent years have discouraged developers from even applying for funding or, as we have anticipated, it takes two to three years for developers to adjust to a new QAP regime. What we do know is that the structure of the QAP can, and has in other states, reversed these trends.

In order to administer the LIHTC program in accordance with state and federal fair housing mandates, Connecticut must promote the placement of developments such that families of color who are disproportionately lower income have genuine geographic choices, including in thriving neighborhoods that are disproportionately White.

Open Communities Alliance's Recommendations

OCA's primary recommendations for the 2018 draft QAP are as follows:

(1) Use Higher Opportunity and Moderate/Lower Opportunity "Buckets"

***Adopt Higher Opportunity-Lower/Moderate Opportunity "Bucket"* Approach.** As already discussed above, distributing LIHTC developments in a balanced way across the state is critically

important to complying with federal and state fair housing obligations, so the state must set the appropriate targets to incentivize an equitable LIHTC distribution. To do so requires being cognizant of the program's history and the state's own fair housing obligations, and designing a program with the explicit aim of achieving geographic balance. As exemplified in New Jersey, Ohio,[2] Pennsylvania, and Virginia, this can be accomplished without the loss of credits by setting threshold levels for successful applications and putting unused credits back into the general pool in any given allocation year.

Such a change will create an incentive for developers to pursue higher opportunity development projects, work with towns to gain approval for them or challenge a zoning rejection through the Affordable Housing Appeals Act or other laws. Developers will become the state's partner in affirmatively furthering fair housing. In one of the most segregated states in the country with unconscionable racial disparities across issue areas, from health to unemployment to education to incarceration, we need to engage every partner.

Such an approach will also function to bring truly revitalizing developments to lower opportunity and moderate opportunity areas - developments that do not increase poverty concentration and work in tandem with other community development efforts. In order to avoid increased poverty concentration, developments should have larger percentages of true market-rate and above market rate units. Potential community development efforts could include projects such as park rehabilitation, the creation of community gardens, formal relationships with integrated magnet schools, and the formation of after-school or continuing education programs for the community.

OCA recommends that, considering the history of government-sponsored segregation and the current imbalance of the state program, 60% of LIHTCs be allocated to a "bucket" for high and very high opportunity areas. The remaining 40% of credits should be targeted to lower and moderate opportunity areas and prioritized for projects that do not increase – and ideally decrease – poverty concentration, inspire other neighborhood investment, and are genuinely part of a concerted community revitalization plan.

Unfair Competition by Geography. The current approach compelling higher opportunity and lower opportunity proposals to compete against each other typically puts applications slated for higher opportunity communities at a disadvantage and does not allow points to be tailored

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[2] Recognizing its historic failure to incentive the construction of family developments in opportunity areas, the Ohio Housing Finance Agency, in 2015, won plaudits from fair housing advocates for modifying its LIHTC program to reward development proposals targeted in opportunity areas. It accomplished this goal by dividing its annual per capita LIHTC credit allocation into different policy-based pools, and it then specifically set aside monies for high opportunity family development proposals. Developments sited in eligible high opportunity census tracts compete only against like applications for the extent of the set aside, thus ensuring that high opportunity proposals will not have to unfairly compete against lower opportunity proposals—as they currently do in Connecticut. Center for Equal Justice, *Letter to Ohio Finance Agency on 2016 Draft QAP*, March 17, 2015, http://www.prrac.org/pdf/Comments_on_2016-2017_QAP_First_Draft_March_17_2015.pdf; Legal Aid Society of Southwest Ohio, LLC, *Letter to Ohio Finance Agency on 2015 Draft QAP*, December 5, 2014, *available at* http://www.prrac.org/pdf/Legal_Aid_Comments_2016_QAP.pdf; Ohio Housing Finance Agency, ***2016-17 Qualified Allocation Plan***, 30 June 17, 2015, *available at* https://ohiohome.org/ppd/documents/2016-2017_QAP-Final.pdf.

to geography. One example of the inequity of pitting proposals for different geographies against each other is the priority within the current point scheme for proposals with proximity to transit. Transit access in a suburban community should not be measured in the same way as transit access in a city – a mile might be acceptable in a suburb, but a few blocks is more appropriate in a city. Because transportation systems developed in a racialized manner, over-prioritizing transit will almost always disadvantage higher opportunity projects that promote integration. Regardless, the projects with the most convenient access to transit in both types of locations should benefit under QAP scoring for each "bucket" (higher opportunity or lower/moderate opportunity). This is what is already in practice in other states such as New Jersey, without the loss of any credits.

Another example of the problem with "lumping" together scoring for proposals in different geographic areas is that it does not create the opportunity to plan for development income mixes that are best suited to a neighborhood. Research on neighborhood poverty concentration indicates that when poverty reaches higher levels upwards of 10-20% (depending on various local factors) it creates negative externalities, such as crime, the devaluation of properties, and decreased municipal tax revenue. A smaller development of 30 units, 40% of which are targeted as affordable, would make better planning sense in a higher opportunity neighborhood than in a lower opportunity neighborhood for which a development with a lower percentage of targeted units would be better suited. It is therefore very important from a planning perspective to design subsidized housing allocations to avoid generating or further entrenching poverty concentration.

The use of LIHTCs in higher opportunity areas also serve other important purposes. As the Poverty & Race Research Action Council noted in 2013, "LIHTC developments should provide housing in situations where vouchers are difficult to use, in particular in high-opportunity neighborhoods where few housing units can be reached within voucher payment standards, and where landlords may prefer unsubsidized tenants."[3,4]

That said, we should not abandon the placement of LIHTC developments in struggling communities. Instead, as alluded to above, within the QAP, the point allocations should incentivize developments with different targeted unit percentages in different neighborhoods. For example, a development in a higher opportunity area might appropriately have 40% targeted affordable units whereas a development in a lower opportunity area should have a much lower percentage. An approach using higher opportunity and lower/moderate opportunity buckets permits this kind of neighborhood nuance within the LIHTC program.

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[3] Poverty & Race Research Action Council, *Creating Balance in the Locations of LIHTC Developments*, 2 (February 2013), *available at* http://www.prrac.org/pdf/Balance_in_the_Locations_of_LIHTC_Developments.pdf.

[4] We also encourage CHFA to be cautious of studies indicating that LIHTC developments are beneficial to struggling communities. Such studies must be read carefully and frequently raise methodology concerns that undermine their conclusion, see e.g. Daniel Hertz, Where Should Low Income Housing Go, September 5, 2016 http://cityobservatory.org/where-should-low-income-housing-go/, or fail to take into account that community benefits realized might have been the same or greater with non-housing investments.

The Gazebo Effect. Prior to the litigation in *TDHCA v. ICP*, the Texas QAP allocated one point for developments with gazebos. The danger in failing to set priorities geographically and then judging applications from different types of areas separately is Connecticut will be at risk of succumbing to the "Gazebo Effect"; that is, points tending to benefit lower opportunity areas will negate points likely to benefit higher opportunity areas and the proposals that win will not necessarily achieve either policy end. Instead, the proposals that are ultimately successful will have a gazebo – or an equivalent low-point scoring item.

(2) Insufficient Definitions of Opportunity.

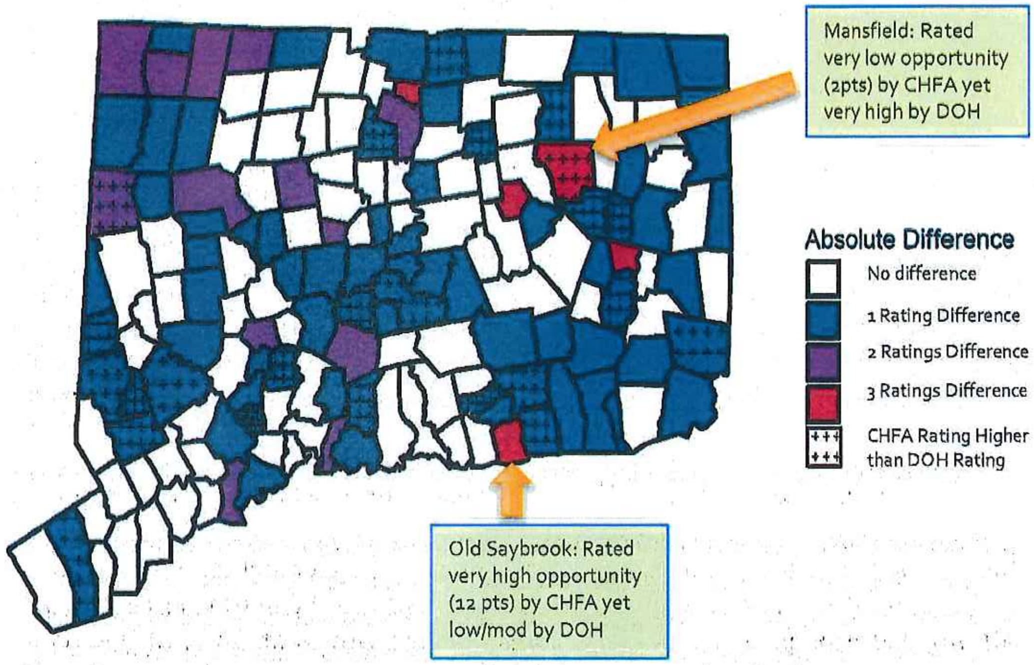
In the 2018 Draft QAP, CHFA utilizes an "Opportunity Characteristics" category worth 15 points out of the QAP's total of 104. While the intent in creating this category is commendable, these opportunity characteristics create confusion because the Department of Housing has already adopted Opportunity Mapping and, in some instances, generate significantly different results from DOH's assessment tool.

CT has Already Adopted Opportunity Mapping. There is no need to employ a second opportunity definition when the state has already invested significant material resources to hire the Kirwan Institute, one of the most respected poverty and race data analysis centers in the country, to develop opportunity mapping. That mapping is already in use by the Department of Housing.

The Draft QAP "Opportunity Characteristics" Category Fails, in Some Instances, to Reach High Opportunity Areas. A close examination of the QAP definition of Opportunity reveals that the criteria fails to reach some high opportunity areas, as defined by the State of Connecticut, and in some cases rewards towns that are considered lower opportunity by the state.

OCA conducted an analysis of the state's and CHFA's opportunity ranking system using the 2017 QAP, where the municipalities were divided by CHFA opportunity score into 5 categories (Very Low (0-2), Low (3-6), Moderate (7-9), High (10-11), and Very High (12-14)) and then compared the ratings to DOH's Opportunity Mapping. As evidenced in the map below, while there were many towns that were evaluated at the same opportunity level (white shaded towns) there were also many that were different by at least one opportunity level (blue towns) and several that were off by at least two opportunity levels (pink and red towns). The cross-hatching represents towns where CHFA's ranking is higher than DOH's. Shaded towns with no cross-hatching received a higher ranking from DOH.

Difference Between CHFA's Opportunity Ratings and DOH's Opportunity Mapping Levels



Overall, the CHFA and DOH opportunity rankings are off by no more than one opportunity level for 89% of towns. While this is generally encouraging, it raises concerns when towns that struggle for sustainability are prioritized for additional new units of affordable housing. There is greater disagreement between the assessments for 11% of the towns, where the ratings differ by at least two degrees of opportunity or greater. That is, where one rating indicates very low opportunity the other is moderate, high or very high, for example. The largest instance of this is where the CHFA mapping assesses towns as lower opportunity than the DOH assessment.

We are concerned that several indicators used by CHFA yield these problematic results.

- **Municipalities Having Less Assisted and Deed Restricted Housing:** While we do find that higher opportunity tracts are in towns with less than 10% affordable housing according to 8-30g standards, there are also low and very low opportunity towns that have limited affordable housing stock and thus fall below the 8-30g 10% threshold. These are generally rural towns that do not have the resources to support more lower-income families, and may even already be above the state average poverty rate, so there is not a sufficient correlation between towns under the 8-30g threshold and towns with genuine access to opportunity to justify this element of the CHFA opportunity characteristics.

- **Below average poverty rate:** While this is a promising category, it will likely generate LIHTC proposals in areas with poverty rates that are just on the cusp of exceeding the

state average (which would tend to be moderate or even low opportunity areas using the DOH definition of opportunity). Using genuine opportunity mapping and setting the goal of a significant percentage of LIHTC developments in higher opportunity areas helps avoid a government policy that functionally increases poverty in areas that are just shy of becoming poverty-concentrated to a level that generates negative externalities. Such areas need deep non-housing developments, not an increase in poverty.

- **Above average performing schools:** Again, the goal should be to open access to the highest performing schools, not those that are just above average. We are concerned that the same kind of "low hanging fruit" phenomenon described above would manifest with this category.

- **Average performing schools:** Increasing poverty concentration in areas where the schools are failing to excel does not make policy sense. If the state wants to invest in these areas, it should consider other investment strategies, such as deep educational investments or economic and community development support.

- **Employment in community:** A jobs-to-population ratio within a specific town is a blunt instrument to determine if available jobs are accessible to a given area. According to the Hartford Foundation for Public Giving, 65% of people living in Hartford leave the city every day to travel for work; 75% of those make less than $40,000 per year. Conversely, 83% of Hartford's jobs are filled by people from Hartford's suburbs.[5] While there are jobs for people of lower incomes, and generally less education, in Harford, clearly there are many more outside of Hartford. At the same time, Hartford has many jobs that require higher levels of education more common among the suburban population. The point is that just because there are jobs in a given town does not mean that the people living there occupy those jobs — and an enlightened approach would take into account spatial mismatches.

  Another problem with this measure is that it does not account for job proximity. For a person living in the West End of Hartford, the many jobs in West Hartford may be closer than employment opportunities in southeastern Hartford. These realities are not captured in this employment measure, but they are captured in the Department of Housing's opportunity mapping.

- **Access to higher education:** While Open Communities Alliance appreciates the laudable goal of this indicator, it is totally divorced from the social science research on the nexus between neighborhood characteristics and future success in life. For example, there is mounting social science research—nearing a uniform consensus—indicating that living in a high crime area leads to measurably lower life outcomes for children, and yet crime rates are not part of the QAP "opportunity" assessment.

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[5] See Metro Hartford Progress Points Report, 2014, http://www.hfpg.org/files/1314/8580/2191/Metro_Hartford_Progress_Points_2014.pdf.

Contrary to these researched-based findings about healthy outcomes for children, Connecticut community colleges tend to be located in municipalities where crime rates are higher and school performance is low.[6] In fact, of the seventeen schools in the Connecticut University system, three are in higher opportunity areas, two are in moderate opportunity areas and the remaining 12 are in low opportunity areas. These are the same municipalities that have the overwhelming majority of LIHTC units, are higher poverty and have a greater population of color. This indicator would incentivize less access to opportunity and maintain the unequal status quo.

These points are a mix of "pro-opportunity" and "anti-opportunity" points that not only cancel each other out, but actually provide more points to lower opportunity areas than to higher opportunity areas. This dynamic becomes of even greater concern when considering that 12 points within the "Local Impact" category will tend to benefit developments slated for lower opportunity areas.

By contrast, DOH's opportunity mapping more appropriately accounts for the full range of school performance, employment access and growth, crime rates, and poverty concentration. It is a much better and more widely accepted assessment of access to opportunity intentionally reflective of the great body of social science research identifying neighborhood factors that lead to positive life outcomes for children and families.

(3) LIHTC Support to Counter Zoning Opposition

We further recommend that CHFA develop an additional policy of forward allocating credits to higher opportunity proposals that meet threshold criteria for quality but are encountering zoning opposition. If zoning barriers continue past a certain deadline, credits in a given year can be allocated to other promising projects, but with a pledge that the necessary credits for the following year will be allocated if zoning is obtained by a set time. If that deadline is missed, the same practice should be followed for the next year. This way, developers will receive the clear message that should it become necessary to litigate a case, LIHTCs will be available to them at the end of the process should they be successful.

Such a policy would also necessarily change the QAP requirements and points awarded for site control and zoning approval, etc.

(4) Evaluation Criteria for a Concerted Community Revitalization Plan

Considering the fact that, since 2011, 63% of LIHTC units have been placed in Qualified Census Tracts, CHFA needs to incorporate concrete standards for evaluating concerted community revitalization plans (CCRPs) to ensure that the affordable units being funded by CHFA are in fact contributing to, rather than burdening, the local community. The plan should include

[6] Listing of locations *available at* http://www.ct.edu/cscu.

meaningful goals for the neighborhood, identify barriers to revitalization, describe concrete measures that will be taken to revitalize the neighborhood, and development beyond just housing. These plans should also engage community partners and individuals in the planning process.[7]

Conclusion

Despite much appreciated efforts made to date, the 2018 Draft QAP still requires a substantial reorientation to produce a geographic balance in the location of LIHTC developments. We urge CHFA to adopt DOH's opportunity mapping, generate buckets of LIHTCs allocated by geography, develop a policy of forward allocating credits to support developers facing zoning opposition in higher opportunity areas, and articulate specific standards for concerted community revitalization plans.

CHFA has considerable power to change how the LIHTC program is administered. It must be willing, though, to commit to a new approach to address a long-entrenched problem. We encourage CHFA and the state of Connecticut to adopt the recommendations set forth here as a means of ensuring that the LIHTC program complies with state and federal fair housing mandates.

Thank you for this opportunity to comment.

Sincerely,

E. Boggs

Erin Boggs, Esq.
Executive Director

Lisa Dabrowski

Lisa Dabrowski, Esq.
Policy Analyst

---

[7] Assessment Criteria for "Concerted Community Revitalization Plans": A Recommended Framework, Poverty & Race Research Action Council, March 14, 2017, http://www.prrac.org/pdf/PRRAC_CCRP_recommendations_3_14_17.pdf.

Nash, Terry

From:	Burt, John <JBurt@groton-ct.gov>
Sent:	Friday, June 28, 2019 3:30 PM
To:	Nash, Terry
Subject:	CHFA QAP Public Comment Letter
Attachments:	CHFA Letter.pdf

Hello Mr. Nash.

Please accept the attached letter as my public comment in favor of creating a special point category in the 2019 Qualified Allocation Plan for the allocation of state resources in Southeastern Connecticut to develop affordable housing. Please let me know if you have any questions.

Thank you.

John Burt

Groton Town Manager

TOWN OF GROTON

OFFICE OF THE TOWN MANAGER

John Burt
Town Manager
jburt@groton-ct.gov

45 Fort Hill Road, Groton, Connecticut 06340
Telephone (860) 441-6630 Fax (860) 4416632
www.groton-ct.gov

June 27, 2019

SENT VIA E-MAIL
Attn: Terry Nash
terry.nash@chfa.org

Connecticut Housing Finance Authority (CHFA)
999 West Street
Rocky Hill, CT 06067

Re: Public Comment to 2019 Qualified Allocation Plan

Dear Ms. Nash,

Please accept this letter as public comment to CHFA's 2019 Qualified Allocation Plan (QAP). I respectfully ask that CHFA create a special point category designated specifically for the production of new affordable housing units in Southeastern Connecticut.

Southeastern CT is faced with a daunting challenge. According to a 2018 study published by the SCCOG and the Southeastern Connecticut Housing Alliance, the region needs to produce approximately 800 units per year in order to satisfy the projected increases in population (7,200) and employment (18,000) within the next decade.

Groton is an employment "hub" for Southeastern CT. Some of our major employers include: Pfizer, General Dynamics Electric Boat, and the U.S. Naval Submarine Base. These employers are extremely important to the economy of our region and in order to support their workforce and retain these employers, as well as attract new employers, Groton and the surrounding communities must have a dedicated mechanism to insure that the new housing that gets developed in the region is not only great quality, but also affordable.

Having a dedicated point category in CHFA's QAP that will prioritize the allocation of State resources needed for the production of new affordable housing in Southeastern CT will allow us to address our region's housing challenge.

Thank you for the opportunity to submit the enclosed comments for CHFA's consideration. Given the truly unique circumstances of the region's massive employment and population growth projections, I hope that CHFA will see the necessity of this request and the opportunity to address a real affordable housing need in CT by amending its QAP to create a special point category for the production of new affordable housing units in Southeastern Connecticut.

Sincerely,

John Burt
Town Manager, Town of Groton

"Submarine Capital of the World"

NEW ECOLOGY
Community-Based Sustainable Development

New Ecology, Inc.
www.newecology.org

BOSTON
15 Court Square, Suite 420
Boston, MA 02108
617-557-1700

PROVIDENCE
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Providence, RI 02909
617-557-1700

BALTIMORE
429 N. Eutaw Street, Suite 2S
Baltimore, MD 21201
410-648-4300

DELAWARE
100 West 10th Street, Suite 614
Wilmington, DE 19801
302-300-4321

July 1, 2019

By Email to
Connecticut Housing Finance Authority
Attn: Terry Nash Terry.Nash@CHFA.org

Re: 2019 QAP Comments

New Ecology, Inc. (NEI) appreciates the opportunity to provide comments as part of CHFA's annual QAP revision process. We applaud CHFA for advancing the Sustainable Design incentive points in the Financial Efficiency & Sustainability Scoring Criteria and strongly recommend retaining them in this tax credit round.

NEI is a non-profit organization with 20 years of experience advancing sustainable community development, including providing technical assistance on over 150,000 units of affordable housing nationwide. Since 2014, NEI has been involved in greening affordable housing in Connecticut, first with the CHFA – CEFIA Multifamily Energy Efficiency Demonstration Program and then as a technical assistance partner to the Connecticut Green Bank Sherpa Multifamily Predevelopment Loan Program and as a member of project teams on several LIHTC projects.

NEI has advised housing finance agencies throughout the United States on QAP energy efficiency and sustainable building design guidelines and incentive frameworks for green certifications and utility benchmarking. We also have served on many national advisory boards associated with LEED and Enterprise Green Communities certification. We are currently providing technical assistance on six LIHTC project design teams for multifamily developments that will be certified to Passive House standards.

At the June 20 QAP hearing, NEI learned that some multifamily developers are pushing back on these sustainable design incentives due to the reduced state bond funding likely to be available to accompany the tax credit program. We strongly urge CHFA not allow the potential for reduced funding to erase the progress the state has made on building housing that is energy and water efficient, durable, healthy and climate resilient. We know that green housing is better for residents, cost less to operate, and is a step in the long road of reducing carbon emissions. It would be a tremendous mistake to roll back these advances.

Similarly, keeping the incentive point for renewables is also important, since installing renewables helps moderate utility cost increases, and over time battery storage could be added to solar as a climate resilience measure.

NEW ECOLOGY

Community-Based Sustainable Development

It took years to build the capacity of designers, contractors and suppliers so that we can build high performance buildings. Sister states, like Pennsylvania, are demonstrating that the highest performance can be achieved within the budget of LIHTC projects—especially when the market is incented to build better. Connecticut should not step back from its leadership and progress in demonstrating the value of Passive House, High Performance Buildings and Renewable Energy in the multifamily sector.

Thank you for this opportunity to comment.

Sincerely,

Edward F Connelly

Edward F. Connelly
President

Nash, Terry

From: Sheri Dieso <sheridieso@yahoo.com>
Sent: Monday, July 01, 2019 3:59 PM
To: Nash, Terry
Subject: Letter re CHFA QAP 2018 - Ssutainability Points
Attachments: 19-070119-CTPH-Letter to CHFA re QAP-SD.pdf

[EXTERNAL EMAIL: If unknown sender, do not click links/attachments. Never give out username or password.]

Hi Terry-

Please see the attached letter regarding the QAP sustainability points approved in 2018. Can you distribute to those in the CHFA office and those on the Board?

Thank you.

-Sheri Dieso

Sheri Dieso, AIA, LEED AP BD+C, CPHC

BRYANT DIESO LLC

sheridieso@yahoo.com

(860)575-3730

bryantdieso.com

Green Building, LEED & Certified

Passive House Consultant

CTGBC Board Member

CTPH Board Member

BRYANT DIESO, LLC
58 Comstock Avenue · Ivoryton, Connecticut 06442
(860) 575-3730 · sheridieso@yahoo.com

July 1, 2019 via Email

Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

RE: CHFA QAP 2018 – Sustainability Points

Dear Governor Lamont, Commissioner Mosquera-Bruno, Interim Executive Director Smith, Members of the CHFA Board of Directors, Ms. Nash and Staff, Senator Blumenthal, Senator Murphy, and State of Connecticut Stakeholders,

I am an Architect, Green Building Consultant and currently a Board Member of both CT Passive House (CTPH) and CT Green Building Council (CTGBC). Although I believe that designing environmentally responsible buildings is the right and necessary thing to do, it is the Triple Bottom Line (People, Planet, Profit) that drives most of the numerous sustainable and resilient projects in CT and elsewhere. The Passive House Standard (PH) is a proven vehicle to achieve buildings that are exceptionally high performing, durable, healthy and comfortable. PH is a pathway to net zero energy construction and is the standard that building industry and regulatory agencies will replicate. Given Connecticut's goals of 80% carbon reduction by 2050, it is essential that we promote, encourage and incentivize green building and Passive House design and construction wherever possible.

The State of Connecticut's approval of S.B. #7 in 2018, An Act Concerning Climate Change Planning & Resiliency, was very encouraging, as was CHFA's decision to increase its Qualified Allocation Plan's (QAP) Sustainability points. We must continue to be serious about meeting the State's commitment. As part of this effort, I strongly urge CHFA to stay with its commitment made last year: to increase sustainability points for its 2018 QAP. Considering the amount of time people spend in buildings each day, and the alarming rise in respiratory problems in all age groups, and rising fuel poverty, it is essential that green building practices, and in particular, Passive House design, become more commonplace. Until all buildings are healthy, energy efficient, and zero-emitters as a rule, programs like CHFA's and others are a necessity.

I'm a LEED Accredited Professional (AP) since 2002, with Building Design + Construction (BD+C) specialization since 2009, and a Certified Passive House Consultant (CPHC) since 2014. In my opinion, Passive House is where the industry is headed. It's practical, focused, and very effective. With early planning PH construction cost can be the same or just minimally higher than conventionally built buildings. The substantial savings in energy and increased comfort and indoor air quality are features every resident should have access to, especially considering that sustainable structures are significantly more affordable to live in. As a building type, multi-family structures are perfect PH candidates: the surface to volume ratio makes PH easier to achieve than for single family homes, and operating costs are dramatically lower than for conventionally built buildings. Passive House and affordable housing are a perfect match.

Knowledge is a valuable thing. I invite anyone to join CTPH (CTpassivehouse.org) and CTGBC (ctgbc.org) and/or attend some of our upcoming educational programs to learn more about sustainable buildings and this rapidly growing building standard, Passive House:

- September 12, 2019:
  - CTPH is offering a reprise of its February program "Introduction to Passive House" at the CT Architecture Conference and Expo at Mohegan Sun, organized by AIACT. 1-2pm.

    - Also at Mohegan Sun, CTPH is facilitating "Carbon Drawdown Now!", presented by the speakers of the NESEA Keynote in Boston this year. 3:15-5:15pm.
- October 3, 2019:
    - CTGBC, at its annual Green Building Awards ceremony, has added a Keynote speaker to the program. John Mandyck, the new CEO of Urban Green who was instrumental in the recent passing of the NYC Climate Mobilization Act, will speak about the Emissions portion of that Act in his talk entitled "Building Forward". This event will be at Common Ground High School, Urban Farm and Environmental Education Center, New Haven. 6-9pm.

With the continued refusal of the current Administration to acknowledge and ACT on the climate crisis, it is even more incumbent upon the rest of us to design, construct, incentivize, and regulate high performing, low-emitting buildings. The clock is ticking.

This is the third time I've been asked to write a letter to CHFA regarding QAP Sustainability/Passive House points this in the last 14 months. With all due respect, we shouldn't be revisiting this issue. Rather, we should be onto the next step, and the step after that, to do our part as professionals, developers, citizens and legislators to help get the continued rise in emissions under control. Perhaps the QAP and other programs should offer points or credits to contractors, developers, designers, etc. for participating in green building educational programs (or the State should require green building education for those in the building industry). Connecticut has the smarts and capabilities to lead with a serious and proactive response to the climate crisis by building green, and <u>everyone needs to get on board</u>.

That stated, I strongly urge you to continue your commitment to sustainability by 'staying the course' with your improvements to QAP 2018. Thank you.

Sincerely,

Sheri Dieso

Sheri Dieso, AIA, LEED AP BD+C, CPHC
Bryant Dieso LLC

WYETH ARCHITECTS LLC

94 West Main Street, Chester CT 06412 (860) 526-5111

July 1, 2019

Re: Public input on CHFA's 2019 Low-Income Housing Tax Credit Program (LIHTC) Qualified Allocation Plan (QAP)

Dear Commissioner Mosquera- Bruno, Governor Lamont, Members of the Connecticut Housing Finance Authority Board of Directors and Staff,

I strongly encourage the CHFA to continue their commitment to sustainability with the continued inclusion of Passive House standards within the QAP for Sustainable Design Measures. It is important to allocate tax dollars in a way that contributes to a better future for Connecticut.

I grew up in Killingworth and am currently a resident of Chester with my husband and 6-year-old son. I am an architect focused on sustainable building and am part of the organization, Connecticut Passive House. Our environment and our people need us to take steps to curb our energy demand. This can be done through Passive House.

Passive House buildings are simple to operate and affordable to run and maintain. They are durable. They are healthy, contributing to reduced healthcare costs. The goals of Passive House and affordable housing can work hand-in-hand.

Passive House buildings can facilitate the state's adopted benchmarks for reducing greenhouse gas emissions in S. B. 7: An Act Concerning Climate Change Planning and Resiliency, the 2018 Comprehensive Energy Strategy and our ambitious state housing goals. The UN has identified Passive House as the best way to achieve a sustainable low carbon future as outlined in the 2015 Paris Accord target.

CHFA has taken bolds step to increase your sustainability. Please "stay the course" and maintain the incentives to build high quality buildings for that sector of the population who would most benefit.

Sincerely,

Sara

Sara Dodson Holmes
AIA, LEED BD+C, Certified Passive House Designer
Connecticut Passive House founding Board Member, Secretary

Nash, Terry

From: Sara Holmes <sholmes@wyetharchitects.com>
Sent: Monday, July 01, 2019 11:41 AM
To: Nash, Terry
Subject: Public Comment for 2019 QAP
Attachments: CHFA 2019-07-01 WA.pdf; ATT00001.htm

Hi Terry,

Attached is my public comment, on behalf of Wyeth Architects, regarding the 2019 QAP.

Thank you,
Sara

WYETH ARCHITECTS LLC

94 West Main Street, Chester CT 06412 (860) 526-5111

July 1, 2019

Re: Public input on CHFA's 2019 Low-Income Housing Tax Credit Program (LIHTC) Qualified Allocation Plan (QAP)

Dear Commissioner Mosquera- Bruno, Governor Lamont, Members of the Connecticut Housing Finance Authority Board of Directors and Staff,

Wyeth Architects *strongly* supports maintaining the current level of incentives for Passive House Standards in Connecticut Housing Finance Authority's Low Income Housing Tax Credit Qualified Allocation Plan. It is in the best interest of the State.

BENEFITS OF PASSIVE HOUSE STANDARDS FOR CHFA INCENTIVES IN CONNECTICUT:

- **Low Energy**: Passive House Standards are the lowest energy-use standards for the construction industry. They are science-based, with measurable results during and following construction. The final building either meets the standards or it doesn't.
- **Durability**: Buildings built to Passive House Standards control moisture and air – they do not tend to rot; they simply last longer.
- **Healthy Environments**: Passive House buildings manage fresh air. They filter smoke, dust & allergens. The air is always fresh throughout. They are, therefore, healthier environments.

Affordable Housing needs to be **energy efficient**. Passive House Standards assure efficiency and low energy costs – essential for those who cannot afford big swings in energy costs.

Affordable Housing needs to be **durable** and easy to maintain. Passive House helps assure both. Smaller & simpler mechanical systems are lower initial cost and easier to maintain. The longer the Housing lasts, the more cost effective it is.

Affordable Housing must be a **healthy environment** – Passive House Standards assure healthy interior environments.

Wyeth Architects supports the continued inclusion of Passive House Standards in the QAP.

Sincerely,

Sara Dodson Holmes on behalf of Wyeth Architects llc
AIA, LEED BD+C, Certified Passive House Designer
Connecticut Passive House founding Board Member, Secretary

CTPH
CONNECTICUT PASSIVE HOUSE

June 30, 2019

Dear Governor Lamont, Commissioner Mosquera-Bruno, Members of the CHFA Board of Directors, Ms. Smith, and CHFA Staff,

My name is Alicia Dolce and I have made Connecticut my home since 1989. As a builder of net zero energy housing, I represent a business in the new clean energy economy sector. I am also a founding member of Connecticut Passive House (CTPH), a non-stock organization dedicated to offering education, training and resources on the Passive House design and building standard. On behalf of the CTPH Board of Directors, I write today to comment on the 2019 draft Low-Income Housing Tax Credit procedures and LIHTC Qualified Allocation Plan (QAP): **CTPH supports CHFA's continued inclusion of Passive House points in the sustainable design section.**

Specifically, the case for Passive House is very compelling:

- Relative to S.B. 7: An Act Concerning Climate Change Planning & Resiliency:
  - As a verified pathway to reducing carbon emissions, Passive house is in strong alignment with the state's recently adopted benchmarks for reducing greenhouse gas emissions.[i]
  - Due to the ability for occupants to comfortably shelter in place for prolonged periods, Passive House buildings help meet resiliency targets.[ii]

Net net: utilizing passive house for affordable multi-family housing in Connecticut ensures that our buildings will be part of the solution to meeting our state's reduced emission and decarbonization targets: 80% below 2001 levels by 2050, also referred to as the '80 x 50' requirements while also positioning our building stock to be part of the state's adaptive strategies for resiliency as occupants of passive house buildings are able to safely and comfortably shelter in place for a sustained period of time in the advent of energy black-outs or extreme weather events.

- Furthermore, affordable housing built to the passive house building standard offers these important benefits to occupants and developers[iii]:
  - Superior air quality that improves health outcomes for occupants
  - Noticeable indoor comfort to occupants
  - Energy security for occupants who can rest assured, that regardless of where energy prices may go in the future, they will be living in housing that has locked in the lowest levels of energy usage for the life of that building
  - Buildings that are more durable and require less maintenance and associated costs

While the current maximum of four points for Passive House in the QAP is a solid step in the right direction, CTPH urges CHFA to contemplate the example being set by the Pennsylvania Housing Finance Authority to offer an even stronger incentive (QAP/10 points). Furthermore, in 2014, the city of New York[iv] took the step of identifying Passive House as a compliance path to meet its very aggressive efficiency targets and with the recently adopted Climate Mobilization Act, the city is sending an even stronger message to developers to build or retrofit existing buildings to Passive House.

CTPH

CONNECTICUT PASSIVE HOUSE

Finally, interest in Passive House in Connecticut and the region is strong and continuing to grow:

- Over 900+ people attended the two-day North American Passive House Network Conference held in NYC last week.
- Attendance at CTPH general events, held locally in Connecticut, has been steady @ 75+ people, totaling nearly 500 participants since our inception.
- CTPH is committed to building capacity in terms of outreach, training and instruction. In addition to our general events, so far in 2019, CTPH has organized and held specialty Passive House educational events geared for design, building, engineer and trade professionals on behalf of The Construction Institute and AIA CT and has also submitted three RFP's for potential programs for AIA CT's two-day conference to be held this coming September.

Being able to provide affordable housing that offers the multiple benefits outlined in this letter to some of the state's most vulnerable populations cannot be overstated. The CTPH Board of Directors hopes that CHFA will continue to support the use of passive house as a tool for developers of affordable housing.

Respectfully,

Alicia J. Dolce,
On behalf of CTPH Board Members: P. Campus, S. Dieso, S. Dodd-Holmes, N. Jones, G. Penniman, L. Wyeth, K. Zoppo

---

[i] Antonelli, Lenny, 2017. "UN advocates passive house in latest carbon emissions report" https://passivehouseplus.ie/news/climate-change/un-advocates-passive-house-in-latest-carbon-emissions-report

[ii] Alter, Lloyd, 2018. "Passive house buildings go from small to extra-large" https://www.treehugger.com/green-architecture/passive-house-buildings-go-small-extra-large.html"

[iii] Moon, Jim, 2019: "To build affordable and green consider passive house." https://shelterforce.org/to-build-affordable-and-green-consider-passive-houses/

[iv] Yancey, Richard, 2019. "New York's Path to Scaling Up Passive House." http://passivehousebuildings.com/magazine/new-yorks-path-to-scaling-up-passive-house/

Nash, Terry

From:	William Freeman <bill@celebrationgreen.com>
Sent:	Monday, July 01, 2019 10:18 AM
To:	Nash, Terry; Bill Freeman (bill@celebrationgreen.com)
Subject:	CHFA -- 2019 Public Comment Letter
Attachments:	wrf-chfa.pdf

[EXTERNAL EMAIL: If unknown sender, do not click links/attachments. Never give out username or password.]

Please find the attached letter

Please confirm receipt

Bill Freeman

Celebration Green Design & Build
Celebration Realty LLC
Cell - 860-883-6200
Email - bill@celebrationgreen.com

Celebration Homes Zero Energy Challenge Winner Video
Company Video
Celebration Web Page
Houzz
Facebook
Founding Member

https://ctpassivehouse.org/

CELEBRATION
GREEN DESIGN & BUILD

June 27, 2019

Dear Governor Lamont, Commissioner Mosquera-Bruno, Members of the CHFA Board of Directors, Ms. Smith and CHFA Staff,

Thank you for providing this opportunity to comment on the proposed 2019 Low-Income Housing Tax Credit (LIHTC) procedures and the LIHTC Allocation Plan (QAP). My name is Bill Freeman and I have lived in CT since 1989. For the past 30 years, I have owned and operated a business as a housing developer and general contractor as well as being one of the first builders to embrace the Energy Star program since its inception. After building a home to the Passive House building standard in 2014, I have incorporated Passive House and the Department of Energy's Zero Ready program into all of the homes I design and build for clients. Our firm has seen firsthand the impact of these energy efficient building practices in terms of providing key benefits: health, comfort, resiliency and durability within the built environment. Our firm was the proud winners of the 2016 CT Zero Energy Challenge for a zero energy passive home we built for clients in North Guilford.

I recently finished construction on my own Zero Energy Passive House in downtown Guilford in January of this year. One is inclined to focus on the energy savings achieved for homes built to the Passive House standard as they truly do "sip" energy (vs. conventional buildings which gulp it,) and therefore only tout that aspect. After actually living in a Passive House, I can attest that there is a benefit of equal importance – superior, healthy indoor air quality. Continuous mechanical ventilation ensures that all of the air coming into a building built to Passive House is filtered. After a period of only three months, the filters on my air exchange system were black and clogged due to the poor quality of the outside air – and this is a home located in the small town of Guilford.

While I am pleased to see that the points allocated in the sustainable design section of the 2019 draft QAP have remained intact, I urge CHFA to consider increasing these levels to provide an even stronger incentive. I just returned from the North American Passive House Conference held in NYC last week, attended by 900+ professionals and practitioners from the NY/New England region as well as many other states, Canada and Europe. I can report that the Passive House standard has been embraced by NYC and many other municipalities throughout New England and the world as the primary pathway to cap carbon/greenhouse gas emissions while providing a healthier and safer living environment.

Continuing to include Passive House in the QAP will help to align Connecticut's affordable housing with the state's adopted benchmarks for reducing greenhouse gas emissions in S.B. 7: an Act Concerning Climate Change Planning & Resiliency while also, ensuring that Connecticut remains among the leaders in providing healthy, comfortable, affordable and resilient housing opportunities for those the program is intended to serve.

With sincerity,

William Freeman
Celebration Development Group, LLC
Celebration Green Design & Build

THE CITY OF GROTON

Mayor Keith Hedrick

295 Meridian Street, Groton, CT 06340
(860) 446-4103 (860) 445-4058 FAX

June 28, 2019

SENT VIA E-MAIL
Attn: Terry Nash
terry.nash@chfa.org

Connecticut Housing Finance Authority (CHFA)
999 West Street
Rocky Hill, CT 06067

Re: Public Comment to 2019 Qualified Allocation Plan

Dear Ms. Nash,

The purpose of this letter is to request an amendment to the Qualified Allocation Plan (QAP) that will create a special point category for the production of new affordable housing units in Southeastern Connecticut.

As you may be aware, Groton is home to several of the major employers in southeastern Connecticut, including Pfizer, General Dynamics Electric Boat, and the U.S. Naval Submarine Base. These employers are the major economic drivers for the region and in order to retain these employers and attract new employers, Groton and the surrounding communities in the region need to provide new quality affordable housing options that can support this workforce.

For example, General Dynamics Electric Boat has announced plans to hire up to 18,000 employees by 2030 in an effort to fill new positions and replace retirees. It is critical that we sustain the economic and employment base of the region and meet the housing needs of our employers. Given this projected increase in employment, the demand for housing will soon exceed the region's inventory.

Therefore a strategy and a plan need to be implemented to encourage the production of new quality affordable housing. Integral to this plan is providing a mechanism that will prioritize the allocation of State resources to the region to develop new housing. The requested amendment to the QAP will accomplish this by committing essential housing development resources to Southeastern CT.

I appreciate CHFA's consideration of this request to amend the QAP to create a special point category for the production of new affordable housing units in Southeastern Connecticut, and support our region's vital economic base.

Sincerely,

Keith Hedrick
Mayor of Groton

LISC CONNECTICUT

July 1, 2019

Terry Nash
Connecticut Housing Finance Authority
999 West St
Rocky Hill, CT 06067

Dear Ms. Nash,

Building off of the changes made last year to the Sustainable Design section of the QAP, LISC is proposing a change in the QAP that would **require or add incentives for smoke-free housing.**

According to HUD, smoke-free housing would reduce residents' exposure to secondhand smoke while also reducing fire building risks. And according to ChangeLab Solutions, research has shown "nonsmokers who live in multi-unit dwellings can be exposed to neighbors' secondhand smoke because secondhand smoke can seep under doorways and through wall cracks", so smoking in multi-unit housing is a public health issue.

In addition to these direct impacts on health, a reduction of costs would be seen in building maintenance and healthcare in addition to other cost savings for public housing agencies. There would also be little or no costs for CHFA or developers to implement this policy. With the HUD rule on smoke-free public housing in place, many developers have already navigated these regulations with their various properties.

The ideal format for a smoke-free policy can be found in Maine's QAP, which makes smoke-free housing a requirement that must be met in order to be eligible for LIHTC funding. A written occupancy policy prohibits smoking in units and common areas, a non-smoking clause is included in each lease, and educational materials on tobacco treatment programs are made available to all tenants. The exact language for what constitutes smoke-free could be left up to developers, based on the layout of their respective properties. For example, developers could determine whether their properties would be completely smoke-free sites, versus smoking allowed within x feet of windows and doorways or designated smoking areas.

Alternatively, smoke-free residences could be awarded points, which can be found in QAPs of states such as California. Nonsmoking sections of a building count as a smoke free residence as long as at least half of the units in the building are nonsmoking and contiguous.

We are closely working with Connecticut Children's Medical Center on a healthy housing initiative and CT Children's will also be submitting a comment in favor of smoke-free housing. Thank you for the opportunity to provide comments and for your consideration of our suggestions. If you have any questions, please feel free to directly contact me at jhoran@lisc.org.

Sincerely,

Jim Horan
Executive Director
Local Initiatives Support Corporation (LISC)

Nash, Terry

From: Chuck Litty <chuck.litty@gmail.com>
Sent: Tuesday, June 25, 2019 3:42 PM
To: Nash, Terry
Subject: QAP

To whom it may concern,

I am writing in support of maintaining the Passive House points in the QAP plan under consideration. It is my understanding that there is some debate as to whether the points should remain. Maintaining these points is a critical leverage point in the quest to make affordable housing truly affordable. Without the incentive the points provide, many developers may scale back energy efficiency measures thereby forcing higher home operating costs on the people that can least afford it. Low-income households receive rent and utility subsidies but, even with these subsidies, low-income renter households can spend over half of their income on rent and utilities. A Passive House can use 1/10th of the energy of a new building built to code. Beyond this huge financial benefit, Passive Houses provide even temperatures throughout and are draft free. They provide continuous fresh air and moisture management which improves the health and well being of the occupants, providing both personal and societal benefits. By effectively managing moisture, Passive Houses are more durable, and help lower future maintenance and repair bills. Through careful design and construction, designers and builders have learned how to construct Passive Houses at cost parity with conventional homes or with only a small increase in first costs, which are quickly repaid.

Connecticut has been at the leading edge of providing these benefits to low-income people and I strongly feel we should remain so. If you are not the correct person to receive these comments please pass them on or let me know how to submit them.

Thanks,
Chuck

[illegible]

Steven Winter Associates, Inc.
Improving the Built Environment Since 1972

June 28, 2019

Terry Nash Giovannucci
CHFA
999 West Street
Rocky Hill, CT 06067
terry.nash@chfa.org

Dear Ms. Nash Giovannucci,
Thank you for providing this opportunity to comment on the 2019 Low-Income Housing Tax Credit Qualified Allocation Plan. I am writing to you both as a managing director in a 120-person building systems consulting company headquartered in Norwalk, CT. My colleagues at Steven Winter Associates, Inc. are involved in sustainability as researchers, green building consultants, energy analysts, and personal activists. We care deeply about allocating tax dollars in a way that **combats climate change, protects human health, and protects our state from an uncertain energy and water future.**

Passive House and Sustainability incentives should be increased, not decreased, in the 2019 Qualified Allocation Plan (QAP). The reduction in points for sustainability in **the 2018 QAP showed a decrease in the rigor of design and construction**. Leaving the QAP unchanged will further this decline. We cannot afford to lose ground with early adopters of sustainability who are a catalyst to change. Skills-building at all levels of design and construction is needed to reach our future targets for market transformation.

Please increase – not decrease – incentives for commitment to sustainability and ultra-low energy consumption in Low-Income Housing Tax Credits in CT. This is the path to achieving the recently adopted aggressive targets for greenhouse gas reductions in SB 7, as well as 2018 Comprehensive Energy Strategy and our ambitious State housing goals.

Perhaps even more critically, **green building programs have a demonstrated positive effect on health outcomes** for affordable housing residents. Without proper attention to ventilation, light, active design, and avoidance of chemicals of concern, the design and construction community is unwittingly affecting the health of those who occupy these buildings. **Third party verification is a critical component to ensure that buildings are verified and tested to perform at best potential** and avoid both building failures and health risks in future.

Specifically, my firm recommends the maximum points for Sustainable Design (Section 2, Item f) in the 2019 QAP be increased from 7 (allowed in the 2018 QAP) to 8 points. This can be achieved as follows:

- retaining the additive structure in the 2018 QAP
- 3 points for high-performance construction: 1 point as written, plus 2 points for projects meeting LEED for Homes Gold or National Green Building Standard Gold certification
- 3 points for Passive House Certification
- 1 point awarded to the two most cost-effective Passive House projects
- 1 point for onsite renewable energy

The inclusion of green certification programs (LEED for Homes or NGBS) is critical to impact **all** aspects of sustainability; increased **durability, water savings, material efficiency, health and well-being, resident awareness and education as well as energy efficiency** through a **third-party, verification** process.

In summary, please maintain the momentum toward meeting CT's 2030 and 2050 energy, sustainability and resilience goals. Pursuit of these goals generated over $1 million in business for SWA and employed more than 25 full-time CT-based high-performance building consultants, and local Passive House business alone resulted in 5 new positions at our firm. **We are working hard to protect our future through healthy and environmentally responsible buildings, and we need your help to continue.**

Thank you for hearing me.

Sincerely,

Maureen M. Mahle

Maureen M. Mahle
Managing Director, Sustainable Housing Services
Norwalk, CT Resident

AHSC
AFFORDABLE HOUSING AND SERVICES COLLABORATIVE, INC.

PEABODY PROPERTIES, INC.

June 28, 2019

SENT VIA E-MAIL
Attn: Terry Nash
terry.nash@chfa.org

Connecticut Housing Finance Authority (CHFA)
999 West Street
Rocky Hill, CT 06067

Re: Public Comment to 2019 Qualified Allocation Plan

Dear Ms. Nash,

I am writing to formally request that CHFA amend its Qualified Allocation Plan (QAP) to include a special point category for the production of new affordable housing units in Southeastern Connecticut.

Affordable Housing and Services Collaborative, Inc. (AHSC) is a 501c3 organization, and its partner Peabody Properties, Inc. are experienced owners and developers of quality affordable rental housing throughout New England and New Jersey. We are currently the sponsor of a proposed development in New London, located in Southeastern CT. Our predevelopment process for this project has spanned over 4 years and during this time we have become familiar with the affordable housing needs of the City of New London, as well as the broader region. The City of New London is a wonderful working-class city that is in great need of new affordable housing stock to support its growing population of young families. Additionally, much of its existing housing stock is severely aged and in desperate need of replacement.

We have previously submitted our project to CHFA for consideration of an allocation of LIHTC. As an experienced affordable housing developer, we determined that the site for our project is the ideal location for affordable family housing. It is located adjacent to a newly renovated municipal athletic field, situated between a vibrant commercial strip with services and employment opportunities, less than 1 mile from Interstate 95, walking distance to the middle and high schools, located on an existing bus line, and proximity to social services for families such as daycare and health clinics.

Although our project is well-designed, fully permitted, locally supported, and much needed, there are certain scoring categories in the QAP that any project in New London would be qualified for. The "Opportunity Characteristics" category in particular prevents projects from being competitive with projects in other parts of the State.

For example:

- <u>4.a</u> (*Municipalities having less than 10% of assisted and deed restricted housing*). The issue with this point category is that it does not take into account the size of the units and age of the housing.
    - New London over 22% of its housing is assisted and/or deed restricted. However, 89% of the housing stock in the City of New London was constructed before 1980 and 53% was constructed before 1940. Additionally, there has been a minimal amount of new units constructed since 2000 within the city, as only 3.2 % of the housing stock was built in the last 18 years. This indicates that the current housing stock is obsolete and in need of replacement.
    - "Under-housing" is a problem, particularly in New London. According to recent CHAS data, 31% of the renters in New London are considered "overcrowded", which means there is an acute need for larger units that is currently not available in the region.

- <u>4.b</u> (*Development located in an area of opportunity*). The location is in an area that is above the average poverty rate, which prevents the project from receiving 2 points. However, the existing affordable housing is obsolete and inferior, which does not promote and support economic development growth from employers that would reduce the poverty rate.
    - A major site selection criterion for employers to relocate to an area is the quality and affordability of housing for its workforce. The current point criteria does not make the connection that quality affordable housing is the catalyst for economic growth and in turn the reduction in the poverty rate.

In summary, we are requesting that CHFA create a special point category for the production of new quality affordable housing in Southeastern CT region. We believe that there is mismatch between the demands for affordable housing in this area and the points awarded under the current QAP's criteria. The region has several unique characteristics that support the creation of a new scoring category. These categories include: projected employment growth from the area's top employer, an aging housing stock, an inadequate supply of larger family units, and an increase in young families, all of which will further increase demand for new affordable housing.

We appreciate CHFA's consideration of this request to amend the QAP to create a special point category for the production of new affordable housing units in Southeastern Connecticut, and continue to work with CHFA.

Sincerely,

Michael Mattos
Executive Director
AHSC, Inc.

Elizabeth Collins
Vice President
Peabody Properties, Inc.

JHM/GROUP
JHM GROUP OF COMPANIES

1266 East Main Street, Suite 601
Stamford, Connecticut 06902
T: (203) 348-2644
F: (203) 348-2611

July 1, 2019

Terry Nash
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

Dear Ms. Nash:

Pursuant to CHFA's request for comments on its Draft 2019 Qualified Allocation Plan ("QAP"), we herewith submit the attached summary of our comments and questions. We appreciate the thought and effort that CHFA staff has put into the QAP and hope that our comments and questions are constructive in helping create the final document.

Please feel free to contact me if you have any questions or would like any additional information.

Sincerely,

Todd

Todd D. McClutchy

Draft 2019 Qualified Allocation Plan
Summary of Comments/Questions

Section III. Allocation Process

F. Application Criteria –

6. "Developments eligible for consideration should be of a scale to produce demonstrable savings of these resources in exchange for the complexity of the execution."

Comments/Questions

a. We believe that the primary goals here should be to maximize the production of affordable housing while minimizing the use of 9% LIHTCs as well as the use of CHFA soft financing. Therefore, any development that can demonstrate that it is able to increase the number of units it produces by using this technique without the need for additional 9% LIHTCs, or additional CHFA soft financing should be considered to have met that criteria. In other words, the additional units produced should be the direct result of leveraging the base 9% LIHTC award through the additional hard debt and equity that the bonds create. This will best preserve the State's valuable resources, including LIHTCs and soft financing, by leveraging them to increase its production of affordable housing units. It's imperative that developments financed with this technique are large enough to warrant the additional complexity and transactional costs that will be encountered.

7. "When calculating the amount of 9% LIHTCs necessary to achieve feasibility for transactions......Applicant shall ensure.......the use of credits is minimized......The Authority shall review the terms of the proposed financing in the context of the development proposal and determine its acceptability."

Comments/Questions

a. It is important that the total 9% LIHTCs awarded to a development be allocated on a per unit basis over the total number of units in the development, including those units that are solely financed with tax exempt bonds as this avoids coming up against any per unit LIHTC limitations, thereby allowing CHFA to fully leverage this valuable asset in a manner that results in producing the maximum number of units while minimizing use of 9% LIHTCs and soft financing on a per unit basis. This may be the single most important criteria to ensure that this technique is successful. It is important to understand that using the 4% LIHTCs generated using tax-exempt bonds is what creates the leverage to increase production without using additional 9% LIHTCs, or soft financing. Typically, production of units for any given development will be increased between 10% and 20%. The goal should be to maximize leverage by using the 9% LIHTCs and soft financing together with other financing tools that will increase the number of units that would otherwise be created when using only 9% LIHTCs and soft financing. The criteria as proposed in this draft is unclear as to what developments would be eligible to use this financing technique.

1. **Rental Affordability**
   a. **Supportive Housing Units** – "Documentation must include a Services Plan and evidence of funding sources, including a budget for supportive services."

Comments/Questions

a. The word "sources" was substituted for "commitments". In 2015 when Supportive Housing was identified as a priority by CHFA the Supportive Housing Guidelines stated that compliance applied to all permanent supportive housing "funded by DMHAS, DSS and/or

DCF". At this time the funding levels for those agencies has changed significantly and there are fewer resources to support this program. While we understand and agree with the importance of finding ways to address this significant issue, we also feel that there are some significant "unintended consequences' of doing so within the present LIHTC structure in Connecticut. Without subsidies to meet the costs of providing necessary services for those residents needing Supportive Services the only other source will be project revenues, which will create a significant increase in expenses, reduce net operating income and, therefore, reduce the ability of the development to raise hard debt, which is likely to result in the need for additional soft financing. In summary, it will mean that either less affordable housing will be produced or increased soft financing will be necessary.

b. Additionally, in terms of mixed-income replacement housing intended for the relocation of displaced public-housing residents it creates another, just as significant, unintended consequence. It disrupts the structure of the rent mix by overly populating developments with those at very-low income levels, which, in turn, will adversely affect marketing efforts to attract higher-income and market-rate families who, because of the higher rents they pay provide the revenue necessary to support the development's operations.

c. We suggest that CHFA reconsider this process and reallocate points such that those developments willing to have a minimum of 35% of units set aside for families at or below 50% of AMI, including units set aside as replacement housing for relocated public-housing residents, be awarded a total of 12 points, provided that 10% of those lower-income units be set aside as Supportive Housing. Doing so will provide all categories of families an environment that better reflects the demographics of the overall community, while ensuring long-term financial sustainability. This will ensure that developments are sustainable as mixed-income developments that better reflect the character of the overall community.

2. Financial Efficiency and Sustainability
   a. Cost Effectiveness, Hard Costs

Comments/Questions

a. The narrative states that "Points will be awarded……..for applications that include plans and specifications submitted at a level of 90% complete or better" It further includes a chart that indicates the points that will be awarded for various level of deviation, including for a deviation "Between +/-5%", which will be awarded 3 points. It goes on to further state that, "Determination of acceptable range of hard costs shall be at the Authority's discretion." This statement seems to conflict with the earlier statements that, indicate that costs will a.) "fall within an acceptable range as evaluated according to Standards", and b.) "Costs are reviewed in the context of development location and any applicable constraints in the marketplace including regional labor and material costs and applicability of prevailing wage statutory requirements." We believe that it is imperative that each applicant's budget be evaluated against identifiable criteria such as is outlined in the Standards, specifically the criteria outlined in CHFA's Construction Guidelines: Construction Costs, Section I. Construction Cost Evaluation, where it states, "CHFA recognizes all construction projects as unique and understands that there may be verifiable, significant Square Foot (SF) cost differences between guideline costs and a general contractor's cost submissions." This language is unambiguous and provides criteria that applicants can measure their costs against. Given that there is a requirement that applicants bid all construction contracts, it stands to reason that their budgets are based on the most competitive and timely costs available in the marketplace. Therefore, each budget provides CHFA with specific, empirical

evidence as to market conditions and costs relative to the uniqueness of each development. There should be no "discretion" beyond following the outlined criteria.

b. Credits Per Qualified Bedroom

Comments/Questions

a. Based on the comments we have provided in 6. a., b, and c, above. It's important to the viability of being able to best leverage the resources described therein that this section be amended. The title of the section should be, "9% Credits Per Qualified Bedroom" and the narrative should indicate that the calculation of the amount of 9% credits per bedroom will be calculated over the total number of units in the development, regardless as to whether tax exempt bonds are used as part of the financing structure. In other words, when combining both 9% LIHTCs and tax-exempt bonds in the capital stack the total amount of the 9% allocation should be calculated on a per-unit basis by dividing the sum of the total number of units financed with tax-exempt bonds plus the total number of units allocated 9% LIHTCs into the total dollar amount of the 9% allocation. The reasoning for this is that the 4% credits allowed because of the use of tax-exempt financing in conjunction with 9% credits allows CHFA to best leverage its resources to create additional housing units.

3. Local Impact

a. Transit-Oriented Development

Comments/Questions

a. mixed-income developments located within a half mile of an existing station should also include developments that are within a half mile of PROPOSED station and/or have local bus service to local train station.

b. Located in a Qualified Census Tract – "one point may be awarded to projects that are located in a Qualified Census Tract….." "Difficult Development Areas may be included…."

Comments/Questions

a. In both cases it uses the term "may". We believe that criteria that relates to scoring needs to have more specificity to ensure objectivity.

g. Opportunity Zones (NEW CATEGORY)

Comments/Questions

a. An additional category should be included to encourage to development within the State's designated Opportunity Zone areas. This should be a 2 point category.

c. Opportunity Characteristics

b. Development Located in an Area of Opportunity

Comments/Questions

a. We believe that the replacement of obsolete public housing with new mixed-income, family developments should be equally ranked and be able to be awarded the same number of points as is available for developments in Areas of Opportunity. The fact that residents are being relocated from failed public-housing complexes to new mixed-income communities creates real, meaningful opportunities for them and their families as well as the community at large. This has also proven to be a catalyst that encourages new economic development as well as value enhancement for the surrounding community as it increases income levels and provides new, safe, quality housing at all income levels, from very-low income up to market-rate.

Redeveloping and replacing obsolete public-housing developments, by its very nature, creates Areas of Opportunity. This process creates focus on neighborhoods that would

otherwise be subject to unrelenting decline and, ultimately, abandonment. Instead it transforms them into vibrant, sustainable segments of the overall community. These developments create areas where residents find new hope and opportunities in the housing provided as well as the economic development that inevitably takes place.

Further, replacing public-housing complexes with new mixed-income housing also meets many of both the Federal and State criteria as stated under I. Federal Requirements and II. State Housing Plans as articulated in the first two sections of this Qualified Allocation Plan. This is clear in Section I. Federal Requirements in item 2., a." Give preference to projects: a. serving the lowest income tenants, and; b. obligated to obligated to serve qualified tenants for the longest period of time". Also, it meets many of the objectives sated in the Con Plan, including 1. Prevent and end homelessness; 2. Increase the supply of affordable housing, which includes..........creation of affordable housing with the goal of expanding housing choice and opportunity; 3. Increase the supply of affordable housing in order to support economic growth and the development of stable and healthy communities and neighborhoods; 4. Make housing investments that support responsible growth and development in the state and the efficient use of existing infrastructure investment in transportation, water, sewer, and other utility systems.

Replacement public housing meets these criteria by:

A. Clearly, relocating public-housing residents to new, quality housing serves the lowest income families in the best way possible.
B. The fact that these new developments are located on public housing authority properties, ensures that they will remain affordable in perpetuity.
C. New mixed-income housing that replaces existing, obsolete public-housing units inevitably increases the supply of affordable housing as the housing it's replacing always includes vacant units that are uninhabitable, which expands housing choice and opportunity.
D. Eliminating obsolete public housing removes unstable, unhealthy housing from the market by replacing it with new, quality affordable housing that creates a new healthy environment that stabilizes neighborhoods and their surrounding communities.
E. The public-housing developments that are being replaced are in areas that are transit-oriented and have existing water, sewer and other utilities readily available. Not only does the investment in this housing in-and-of-itself constitute responsible growth and development, but, as experience has proven, it inevitably becomes a catalyst for additional economic development as well as increased property values.

d. Qualifications & Experience (NEW CATEGORY)

Comments/Questions

a. An additional category should be included to encourage our country's military veterans to participate in the ownership and development of housing. This should have the same point value as for women and minority participation.

b. Connecticut-based Contractor (NEW CATEGORY)

Comments/Questions

a. An additional point should be awarded to Developers who are in State based organization whose principal place of business has been located in the State for a minimum of 3 years.

2019 QAP PUBLIC COMMENT
SUBMITTED BY: HELEN MUNIZ, THE CARABETTA COMPANIES
TESTIFIED: June 20, 2019
WRITTEN COMMENTS: July 1, 2019

First, I do have to say that I was a little concerned that the 2019 QAP had no revisions. Given the current fiscal environment in the state as it pertains to housing I thought that the QAP priorities would be driven by the constraint in GAP financing dollars.

1d. Mixed Income Housing: may be a time to reconsider, Costs associated with incorporating market rate units into projects become high since the market rate amenities must be included in the affordable units per fair housing. The GAP is increased by the amenities.

1e. Preserves at risk affordable housing: How about properties that are at risk of becoming uninhabitable due to deferred maintenance. There are many preservation projects that are risk of going off line due to deferred capital needs. The current point structure only allows for projects losing affordability to be considered at risk. Respectfully request consideration of a broader definition of at risk to include units that may go off line due to deferred capital needs

1f. Production and Preservation of Affordable Housing – Once again there are not points for true preservation of units unless that is a 10% increase in units (new construction). Respectfully request a criterion that allows for points for true preservation projects.

2b. Credits for Qualified Units – how does a project that receives a waiver for exceeding the $27,500 limit still receive points in this category. Respectfully request a review of the waiver process and points awarded when a project requires a waiver.

2f. Sustainable Design – design principals are one element that can drive up costs. Once again, in a time where gap financing is currently at zero, may be time to look at not putting the weight on sustainable design. There are many arguments on the % of increased costs, regardless there is a cost associated with it and as a former public employee and life long state resident I am concerned when design standards are imposed on publicly funded projects that the free market has adopted. These

design elements are honorable but drive the costs of these projects up and the state is designing itself into bigger GAPS.

3c. Transit-oriented development – Consider one seat link to CT Fastrak as TOD. Current definition with 15-minute intervals is achievable in very few cities in the state. Align with DOH at a minimum.

6. SSHP development – If other projects are limited to 27.5K/unit why is there an additional limit of SSHP projects (1.2M)? The SSHP 9% projects are big projects and limiting the project to 1.2M award will make it very difficult to redevelop these projects. The projects will require multiple awards for multiple phases

A-6. Waivers

Upon written request, waivers for the below limitations may be considered by the Authority's Board of Directors for developments that achieve an extraordinary public benefit, to be determined at the Authority's sole discretion.

(a) The amount of 9% LIHTCs reserved and allocated for any one development may be no greater than 20% of the population component of the total State housing credit ceiling, as described in Section 42(h)(3)(C)(ii) of the Code. The Board of Directors will not consider any request for a waiver of this limit if the per development amount exceeds the calculated amount by 15%.

(b) The amount of 9% LIHTCs reserved and allocated for any one development may be no greater than the product of $27,500 and the number of the qualified units in the development. The Board of Directors will not consider any request for a waiver of this limit if the per unit amount exceeds $30,000. Note that this cap may not be applicable in applications proposing a hybrid 9% and 4% LIHTC development.

Applicants may request that the Authority's Board of Director's waive these limitations in cases where extraordinary public benefit is to be realized from the proposed development and the limitation presents an undue hardship. Such public benefit and hardship must be documented <u>in detail</u> by the applicant as a part of its request for a waiver.

Nash, Terry

From:	Chelsea Ross <chelsea.ross@csh.org>
Sent:	Monday, July 01, 2019 9:49 AM
To:	Nash, Terry
Cc:	Kyle Barrette; Alyssa Languth; Christi Staples
Subject:	RE: Notice of QAP Public Hearing and Comment Period
Attachments:	2019 QAP Comments_ CSH_2019.07.01.pdf

[EXTERNAL EMAIL: If unknown sender, do not click links/attachments. Never give out username or password.]

Good morning Terry,

Please find comments on the 2019 Qualified Allocation Plan from CSH attached to this e-mail. We appreciate the opportunity to suggest ways to further strengthen the QAP—specifically how Connecticut, through the state's eligibility priorities and criteria for awarding federal tax credits to housing properties, can continue to advance supportive housing as an evidence based intervention for supporting high need populations.

We are happy to discuss our suggestions with you further at any time. We look forward to continuing to work alongside CHFA and the Interagency Council on Supportive Housing to develop and support quality sustainable supportive housing in our state.

Thank you,

Chelsea

Chelsea Ross
Associate Director
c: 203.525.6548
p: 860.560.0744 x 2707

From: CHFA Multifamily [mailto:chfainformation@chfa.org]
Sent: Tuesday, June 4, 2019 12:32 PM
To: Chelsea Ross <chelsea.ross@csh.org>
Subject: Notice of QAP Public Hearing and Comment Period

CHFA MULTIFAMILY ANNOUNCEMENT

Notice of Qualified Allocation Plan Public Hearing and

CONNECTICUT HOUSING FINANCE AUTHORITY
The Key to Affordable Housing

June 29, 2019

Terry Nash
Policy and Program Development
Connecticut Housing Finance Authority
999 West Street, Rocky Hill, CT 06067

Thank you for this opportunity to comment on the Connecticut Housing Finance Authority's (CHFA) 2019 Draft Qualified Allocation Plan (QAP) for the federal Low Income Housing Tax Credit (LIHTC) program. We appreciate QAP's current and historical contributions to the development of supportive housing, as well as CHFA's ongoing commitment to ending and preventing homelessness among Connecticut residents. Recognizing this, our comments are focused on ways we believe the QAP can be strengthened to further advance supportive housing as an effective tool to address homelessness.

LIHTC Allocation process

CHFA has considerably advanced the development of supportive housing in Connecticut by allocating points for proposed supportive housing units. However, it is difficult to determine how meaningful individual points are when compared against the total score needed to receive a tax credit award[1]. Additionally, utilizing a competitive point system makes it difficult to estimate the number of supportive housing units that will be developed through LIHTC on an annual basis, and to ensure that sufficient resources are allocated to fulfill the service needs for these units. With Governor Lamont committing financial and political support for a new Medicaid benefit that will fund supportive housing services, the state should significantly expand its supportive housing pipeline and ultimately the number of supportive housing units that can be paired with Medicaid funded services. In order to fully leverage the opportunity this Medicaid benefit provides, expand the supportive housing pipeline, and to further align the QAP with the ConPlan's objectives of ending and preventing homelessness, **we recommend that Connecticut join a handful of other states in setting aside a portion of credits specifically for**

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[1] Optimizing Qualified Allocation Plans for Supportive Housing 2018-2019. CSH Report: https://www.csh.org/2019/05/optimizing-qualified-allocation-plans-for-supportive-housing-2018-2019/

supportive housing. Similar to the non-profit set-aside that Connecticut has historically maintained, we recommend that CHFA set aside a portion of credits for a competitive supportive housing pool.

Application Criteria

The QAP currently has a strong set of threshold requirements that support Connecticut's robust housing priorities. We suggest strengthening the text of certain requirements to further align application criteria with these priorities and to ensure shared understanding and adherence.

- In section 1[e] of the application criteria which requires developments be part of a mixed-use and transit oriented development plan, **we recommend that CHFA define "walking distance" to public transportation facilities.** Recognizing that "walking distance" can mean different things for vulnerable and/or differently abled populations, we recommend that CHFA define this term. Researchers and urban planners identify any distance up to 2,000 feet as "walkable" based on best practice for transit oriented development[2].
- Under the application threshold items, the QAP states that proposed developments must be affordable to current residents to prevent displacement. **We recommend that CHFA define affordability in this circumstance utilizing national affordability standards.**

The QAP currently requires all applicants to certify that they will provide preference to eligible households on PHA waitlists and make on-going efforts to request that PHAs make referrals to their development. However, the QAP does not currently require supportive housing applicants to certify that they will give preference to individuals and households on the local waiting list for supportive housing (CAN By Name List) within their tenant selection, or that they will make ongoing efforts to request referrals from this waiting list. **We recommend that CHFA include the following language in their application requirements:**

> *"In the case of permanent supportive housing; each applicant will be required to affirm its commitment, by certifying in writing to:*
>
> *Give preference in its tenant selection plan for its permanent supportive housing units to eligible households on the By Name List of the Coordinated Access Network(s) (CAN) in the local market area unless HUD regulations prohibit such preference,*

[2] Jacobson, J., & Forsyth, A. (2008). Seven American TODs: Good practices for urban design in Transit-Oriented Development projects. *Journal of Transport and Land Use, 1*(2), 51-88. Retrieved from http://www.jstor.org/stable/26201614

Make on-going efforts to request that the CAN make referrals to the project, or request that the CAN include relevant information about the project on any listing the CAN makes available to persons on its By Name List."

Additionally, we recommend that CHFA bolster the Certification Exhibit in the Consolidated Application to allow applicants to certify that their tenant selection plan will give preference to households on the CAN By Name List. **We recommend CHFA include the following language in the Consolidated Application Certification Exhibit:**

"The Applicant shall give preference for its permanent supportive housing units in its tenant selection plan to eligible households on the Coordinated Access Network(s) (CAN) By Name List; and make on–going efforts to request that the CAN make referrals to the project, or request that the CAN include relevant information about the project on any listing the CAN makes available to persons on its By Name List.

Yes

No

N/A

If 'No', please provide explanation."

Application Scoring

CHFA has made clear efforts to increase the development of supportive housing by allocating specific points to applications that include supportive housing units. While we advocate for a switch to using a set-aside approach, we also recommend making adjustments to the point allocation language to ensure the development of quality supportive housing in accessible and opportunity rich environments.

1.) Rental Affordability

The QAP currently requires that supportive housing applications include a Services Plan that evidences service funding sources. To further ensure the proposed Service Plan will be fully implemented, **we recommend that supportive housing applicants be required to develop an MOU with the identified qualified service provider *and* submit this as part of their application.** The development of an MOU is currently outlined in the Supportive Housing Guidelines but we feel that requiring the applicant to submit the MOU as part of their application will increase accountability and ultimately lead to higher quality supportive housing projects.

Additionally, given that housing and service subsidies often derive from different sources when implementing supportive housing, we recommend that CHFA clarify and reaffirm developers' responsibilities in circumstances where a qualified service provider no longer has the resources to provide services to supportive housing units within a LIHTC funded development. **Following the guidance provided by CHFA's 2018 LIHTC FAQs document we recommend CHFA include language in the QAP articulating developers' responsibility to maintain supportive housing units in the event that service providers no longer have resources to provide services. We suggest the inclusion of the following language:**

> *"Points awarded in a competitive round for the integration of supportive housing units in a development mean that providing such units is not an optional undertaking. The developer should recruit alternative service provider(s) from the list provided in the Supportive Housing Guideline; include funding for a service provider in its development operating budget; include a supportive service reserve in its development budget; and/or negotiate additional funding from its investors so that the incremental increase may be allocated specifically to supportive services. Any one or all of the options suggested may be used alone or in combination. Multiple service providers may be retained as well."*

Lastly, the QAP currently allocates one point for developments that include a resident services coordinator. This a thoughtful and forward thinking approach to ensure all low-income tenants have access to services. However, the language of the criteria may preclude supportive housing developments from obtaining this point. While not generally specified as a resident service coordinator within LIHTC applications, supportive housing service providers often provide services and support to all residents of a development. As such, we **recommend that CHFA make this point (resident services coordinator) available to any proposed development that has met the requirement for points under the supportive housing category and has indicated in their supportive housing Service Plan that on-site services will be available to all residents within the development.**

2.) Financial Efficiency & Sustainability

The third criteria in this section awards points to projects with credits less than 50 percent of total uses in an effort to incentive developers to leverage other sources of financing and minimize development costs. CSH fully supports this initiative, but **suggests the removal of points awarded for projects that do not exceed 65 percent of total uses that are located in Qualified Census Tracts (QCT) or Difficult to Develop Areas (DDA).** Even though both QCT and DDA locations are prioritized in this point category, significantly more credits have been allocated in QCT. Due to Connecticut's significant income and

wealth disparities between urban and suburban localities, QCT are primarily concentrated in urban communities. Removing this second criteria in this point allocation will continue to prioritize projects requesting less than 50 percent of the total uses, without prioritizing certain locations.

3.) Local Impact

Supportive housing relies on the availability of proximate community-based health and behavioral health facilities that tenants can easily access to address their ongoing needs. In light of this, **we recommend that CHFA expand their criteria for the allocation of Transit-Oriented Development points.** The second criteria of this section requires mixed-use development that includes neighborhood amenities such as "pharmacy, restaurant, market, studio or other retail/commercial/cultural opportunity(ies) that encourage community revitalization." **We suggest that CHFA include "medical or behavioral health facilities" in this criteria list.**

4.) Opportunity Characteristics

Supportive housing is most effective when it expands the opportunity structure for individuals and families and provides them with a safe and supportive environment to thrive. Recognizing that opportunity rich environments are often those with the least amount of affordable and supportive housing, Connecticut has joined other states in allocating points to proposed developments sited in areas of opportunity. In order for the intent of these points to be fully realized, a tool that can precisely identify areas of opportunity is needed. We believe the indicators used within CHFA's Opportunity Characteristics Guidelines and mapping tool do not fully capture all aspects of opportunity as defined by leading scholars and national researchers[3] and are not sufficient to identify true areas of opportunity. **We recommend that CHFA adopt the opportunity mapping tool currently used by the Connecticut Department of Housing (DOH) and developed by the Kirwan Institute, one of the most respected poverty and race data analysis centers in the country.** This tool incorporates a larger list of opportunity criteria identified by national experts that are specifically pertinent to supportive housing tenants, such as job diversity, job access, crime rate, and which provide a more sensitive analysis of local school systems. The current Opportunity Characteristics could potentially award points to developments in certain areas with high rates of crime and identified by DOH's mapping tool as only low to moderate opportunity.

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[3] Opportunity Mapping Issue Brief. http://kirwaninstitute.osu.edu/wp-content/uploads/2013/09/FINAL_OM_9-5.pdf

Tax Credit Compliance Monitoring

CHFA's current compliance monitoring framework requires annual certification that a developer/owner has provided, and will continue to provide, items for which a development received points in the competitive score process that led to a LIHCT award. With the allocation of specific points for supportive housing, CHFA's monitoring should ensure that developers have fulfilled their obligations as outlined by the QAP and the Supportive Housing Guidelines. **We recommend that CHFA or its designee evaluate whether developers receiving points for supportive housing are meeting all of their requirements stipulated by the QAP and the supportive housing guidelines as part of the annual compliance certification.**

Conclusion

CHFA's commitment to supportive housing is evidenced by the historical evolution of the QAP and the inclusion of specific language around supportive housing. However, to ensure that LIHTC results in the development of quality and sustainable supportive housing, we believe the aforementioned changes are necessary. We encourage CHFA and the state of Connecticut to adopt the recommendations set forth here as means of ensuring that supportive housing commitments are maintained by developers, that supportive housing is developed in healthy and opportunity rich environments, and that credits are targeted in the most effective manner to the populations most in need.

Sincerely,

Chelsea Ross
Associate Director

Connecticut Green Building Council
P.O. Box 9739
New Haven, CT 06536

June 27, 2019

Dear CHFA Board of Directors

The Connecticut Green Building Council (CTGBC) is a 501(c)(3) non-profit organization and a chapter of the US Green Building Council (USGBC) which covers the State of Connecticut. We are committed to transforming the way our buildings are designed, constructed and operated through sustainable building practices. Our goal is to build spaces that are better for the environment and healthier for us to live, work and play in. Our membership includes developers, architects, engineers, building operators, public officials and more.

On behalf of the CTGBC Board of Directors, we write today to express our continued support of sustainability points and specifically passive house points in CHFA's Qualified Allocation Plan (QAP). The inclusion of these points in the current plan, based on myriad comments from those in the building industry, are a step in the right direction and will lead to better constructed buildings that will improve outcomes for residents.

Additionally, incorporating these sustainable design measures into CT's affordable housing ensures that the state's building stock can become part of the solution to meeting the recently adopted benchmarks for reducing greenhouse gas emissions in S.B. 7. Given the recent pronouncements from the Intergovernmental Panel on Climate Change (ICPP) and the U.S. Climate Report, there has never been a more critical time to transform Connecticut's built environment. Our affordable housing stock is the right place to set this example.

There is no doubt that sustainable building practices are better for the environment. For example, take LEED – short for Leadership in Energy & Environmental Design – which is the most widely used green building rating system in the world.[i] According to a 2011 study, LEED certified buildings had 34% lower CO_2 emissions, used 25% less energy, used 11% less water, and diverted millions of tons of waste away from landfills.[ii].

What many do not realize is that green buildings are also more affordable and better for the health of building occupants and tenants. Users of sustainable buildings pay lower utility bills by cutting energy use,[iii] are healthier,[iv] and are more productive[v] than traditional buildings. In addition to the users, property managers see reduced operations and maintenance costs for LEED buildings.[vi] The referenced sources in the end notes are just some examples in a growing body of research that support these conclusions.

Simply put, sustainable building practices augment the affordable housing goals of CHFA by providing residents with healthier and safer places to live at a lower cost of living. Sustainable buildings last longer, perform better, and therefore cost less to live in over the building's and the resident's lifetime.

Importantly, the State of Connecticut also has ambitious goals to reduce carbon emissions which were further bolstered last year by S.B. 7 (now Public Act No. 18-82): An Act Concerning Climate Change Planning and Resiliency[vii] and had the support of the Governor and the legislature. It is important that CHFA, a quasi-public arm of state government, do its part to help the State reach its goals. An established leader in recognizing the triple bottom line of social, economic and environmental benefits, CHFA has long had a commitment to sustainability and should not walk away from it now, leaving tenants and the environment behind. In fact, we think that CHFA should put *more* emphasis on sustainably and increase the number of points for sustainable practices that provide a direct benefit to building occupants.

The Board of Directors of CTGBC hopes that CHFA will continue to support the incredible progress made for our state's residents and the environment in the QAP that was approved earlier this year. Our members are always available as a resource to help CHFA improve the QAP policies for sustainability resulting in both improved affordability of your housing and the health of your residents.

Sincerely,

Ross G. Spiegel
Chairman, CTGBC Advocacy Committee

Connecticut Green Building Council
P.O. Box 9739
New Haven, CT 06536

[i] USGBC, 2016. "LEED by the numbers: 16 years of steady growth." https://www.usgbc.org/articles/leed-numbers-16-years-steady-growth.
[ii] Fowler, K., Rauch, E., Henderson, J., & Kora, A., 2011. "Re-Assessing Green Building Performance: A Post Occupancy Evaluation of 22 GSA Buildings." https://www.pnnl.gov/main/publications/external/technical_reports/PNNL-19369.pdf.
[iii] Environmental Defense Fund, 2018. "Low-Income Energy Efficiency: A Pathway to Clean, Affordable Energy for All."
[iv] Colton, M., Guillermo Cedeno Laurent, J., MacNaughton, P., Kane, J., Bennett-Fripp, M., Spengler, J., & Adamiewicz, G., 2015. "Health Benefits of Green Public Housing: Associations with Asthma Morbidity and Building-Related Symptoms." *American Journal of Public Health*, 105(12): 2482–2489. Accessed from https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4638234/.
[v] Fowler et al. (2011).
[vi] Ibid.
[vii] https://www.cga.ct.gov/2018/ACT/pa/pdf/2018PA-00082-R00SB-00007-PA.pdf

AFFORDABLE HOUSING ALLIANCE
CONNECTICUT

Formerly known as the Connecticut Housing Coalition

Leading Connecticut's housing industry in growing affordable and equitable communities.

July 1, 2019

Ms. Terry Nash
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06068

Dear ~~Ms. Nash~~ Terry:

The Affordable Housing Alliance (AHA) has reviewed our comments to the 2018 final Qualified Allocation Plan and discussed our 2019 submission with a group of nonprofit developers and owners, resulting in the comments below. Thank you for the opportunity to present our thoughts on this document to you.

AHA and our members were very happy to see changes CHFA made to the Sustainable Design criteria as a result of public input. We congratulate and thank you for your continued support of energy efficient multifamily housing development, particularly that of Passive House.

Overall, AHA understands CHFA's reasoning behind the majority of criteria laid out in the 2018 QAP. However, we believe the Authority could better support developers and the affordable housing pipeline by adopting more transparency in language and in providing communication and training on a number of its criteria, particularly those related to financial efficiency and sustainability.

AHA also has been informed of the proposal submitted by LISC Connecticut recommending the addition to future Qualified Allocation Plans of a requirement or incentive for smoke-free housing. AHA supports the inclusion of health-related criteria in future QAPs.

Below are specific comments we feel should be reiterated from our 2018 submission; where appropriate we make suggestions about alternate language that CHFA could consider.

➤ F. Application Criteria, 2. a. 5th bullet – Cost increase post application -- (page 8)
It is highly unusual for any project not to experience cost increases in one form or another. We suggest the following substitution: "applicant shall justify such increases and work with the Authority to reduce, where feasible and prudent and where such reductions would not negatively impact the financial stability and operation of the property."

- Application Criteria, 2. f – Unacceptable application -- (page 9)

AHA believes that the language of this criteria presents little opportunity for corrective action or positive changes that developers could make in their practice. We propose that CHFA consider several options that would allow for future success, including: (1) establishing a waiting period before such applicants can re-apply; (2) a process by which an owner shows proof of ability; or (3) case-by-case review to determine that corrective measures are being/have been taken.

- F. Application Criteria, 5 – Development of tenant ownership capacity -- (page 9)

AHA appreciates that owners should anticipate transfer of ownership and these preparations would allow tenants ample time to prepare for ownership. However, if CHFA requires such conditions, it seems that at least one point should be maintained rather than be eliminated as it has been from Section 3 Local Impact (f. Eventual Homeownership, page 16) in 2018 QAP proposed changes document.

- F. Application Criteria, 6 -- Consideration of alternative funding structures -- (pages 9-10)

AHA supports CHFA's efforts to maximize resources, however, greater depth of experience and knowledge among developers can only be achieved with guidance and investment. We suggest that CHFA support targeted trainings on methodologies related to this particular criteria.

- F. Application Criteria, 7 – Sizing acceptability -- (page 10)

AHA supports appropriate debt sizing in any application. Again, AHA suggests training to assist developers in being able to calculate debt sizing according to the criteria CHFA considers most appropriate.

- 2. Financial Efficiency & Sustainability, a. Cost Effectiveness, Hard Costs (pages 11-12)

AHA understands the reduction in points for this item. However, transparency is needed; CHFA should define the acceptable range.

- 2. Financial Efficiency & Sustainability, e. Building Plans and Specifications (page 12)

It would be helpful if CHFA defined the terms "certify" and "quality control". Again, AHA believes information sharing through training in those areas that prove problematic for many applicants would benefit both the field and CHFA.

- 2. Financial Efficiency & Sustainability, f. Sustainable Design (page 13)

CHFA's addition of passive house points to the QAP criteria several years ago has helped create a perceptible shift in the awareness of multifamily builders that reflects the importance of green building. AHA commends CHFA staff and Board for listening to the extensive public comment you received and approving the point range and language changes reflected in the 2018 and 2019 plans. We are now one year later, with several projects being constructed under the passive house standards. We do think it would be helpful to obtain some data on the increase of design costs, construction costs, and the decrease in energy costs when compared to projects not designed and constructed using the passive house standards. Since reducing energy consumption, and reducing costs on utility bills are the goals of passive house design, CHFA and Owners should have real data that supports this initiative. We look forward over the next twelve months to reviewing this data to make informed decisions for the QAP in 2020.

➢ 2. Financial Efficiency & Sustainability, g. Cost Effectiveness, Intermediary Costs. (page 13)
We support this point increase but the conditions seem unduly competitive when different projects may have different intermediary cost needs. How will CHFA determine what is reasonable?

➢ 4. Opportunity Characteristics (page 15)
While AHA supports the state's efforts to expand affordable housing across Connecticut, we feel the amount of points invested in this category is undue, particularly at a time when the need to moderate tax credit use is being emphasized. CHFA could consider several possibilities to maintain this goal while reducing its impact on point scoring for urban and suburban projects not located in high opportunity areas, such as making the category itself a bonus category or reducing the total category points to four with one point per item (i.e., 1 point for education, 1 for employment, etc.). Either of these options would result in a rebalancing with other categories.

Thanks again for the opportunity to comment on CHFA's proposed 2019 QAP.

Sincerely,

Florence Villano

Florence Villano
Executive Director

CONNECTICUT HOUSING FINANCE AUTHORITY

Low-Income Housing Tax Credit

Qualified Allocation Plan

2019 Application Year

Table of Contents

I. FEDERAL REQUIREMENTS

The Federal Low-Income Housing Tax Credit Program ("LIHTC") requires each state responsible for allocating the Federal Low-Income Housing Tax Credits ("Credits") to approve a plan for the allocation of such Credits within its jurisdiction, which plan is to be relevant to the housing needs and consistent with the housing priorities of such state. This is the Qualified Allocation Plan ("Plan") for the State of Connecticut ("State").

According to Section 42(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the Plan must:

1. Set forth selection criteria to be used to determine housing priorities of the Connecticut Housing Finance Authority ("Authority"), as the housing credit agency for the State, which are appropriate to local conditions;

2. Give preference to projects:

   a. serving the lowest income tenants, and;
   b. obligated to serve qualified tenants for the longest period of time;
   c. which are located in qualified census tracts and contribute to a concerted community revitalization plan, and;

3. Provide a procedure that the Authority (or its agent) will follow in monitoring for non-compliance with the provisions of Section 42 of the Code and in notifying the Internal Revenue Service ("IRS") of project non-compliance that comes to the attention of the Authority.

4. Additionally, the Plan selection process must apply criteria addressing the following:

   a. project location;
   b. housing needs characteristics;
   c. project characteristics, including whether the project uses existing housing as part of a community revitalization plan;
   d. sponsor characteristics;
   e. tenant populations with special housing needs;
   f. public housing waiting lists;
   g. tenant populations of individuals with children;
   h. projects intended for eventual tenant ownership;
   i. energy efficiency of the project; and
   j. the historic nature of the project.

II. State Housing Plans

The Authority and the State of Connecticut Department of Housing ("DOH") work closely to align the Plan with State housing policy. To that end, the focus of the Plan for 2019 is on the most current priorities within State housing policy in support of the State's mission and vision to achieve a Connecticut where affordable housing, in strong, vibrant, and inclusive communities, is accessible to individuals and families across the state and homelessness is a thing of the past. The Plan for 2019 distributes points to reflect the State's priorities. It does this by ensuring consistency and coordination with the State of Connecticut's three long range and large scale Plans related to affordable housing: the Consolidated Plan for Housing and Community Development ("ConPlan"), the Conservation and Development Policies: The Plan for Connecticut (the "C&D Policies Plan"), and the Analysis of Impediments to Fair Housing Choice 2015 ("AI").

The Plan for allocating Credits in the State supports the needs and priorities as defined in the current State of Connecticut ConPlan and the current Annual Action Plan, as required by the National Affordable Housing Act of 1990 (the "Act"). The Act requires that the ConPlan govern the allocation of Federal funds by the State. The Plan will not undertake a separate needs assessment or establishment of goals and objectives, but incorporates by reference the needs assessment of the ConPlan and adopts its specific priorities for rental housing for use in the Plan. Additionally, the Plan similarly adopts relevant housing policies of the C&D Policies Plan and the AI.

A. ConPlan

The overall goal of the community planning and development programs covered by the ConPlan is to develop decent housing available to all, ensure a suitable living environment and expand economic opportunities principally for low- and moderate-income persons.

The affordable housing development objectives of the ConPlan adapted for use in the Plan may include the following:

1. Prevent and end homelessness.
2. Increase the supply of affordable housing, which includes preservation, rehabilitation and creation of affordable housing with the goal of expanding housing choice and opportunity.
3. Increase the supply of quality affordable housing in order to support economic growth and the development of stable and healthy communities and neighborhoods.
4. Make housing investments that support responsible growth and development in the state and the efficient use of existing infrastructure investment in transportation, water, sewer, and other utility systems.

B. C&D Policies Plan

Affordable rental housing development policies of the C&D Policies Plan adapted for use in the Plan incorporate the Growth Management Principles of the C&D Policies Plan, which call for revitalizing regional centers, expanding housing opportunity and choice, as well as concentrating investments that support both development and transportation. In addition, the Plan is also consistent with the C&D Policies Plan regarding its policy to promote "housing mobility and choice across income levels utilizing current infrastructure and the preservation of existing residential neighborhoods and housing stock." In accordance with C.G.S. § 16a-35d

exceptions may apply to the funding of growth-related developments located in priority funding areas and will be considered as applicable at the discretion of the Authority's Board of Directors.

C. Analysis of Impediments to Fair Housing Choice 2015

The AI is intended to satisfy the State's obligation to analyze the impediments to fair housing choice and to then take steps to overcome the impediments it identifies, in order to enable the State to more quickly overcome the barriers to full and equal access to safe, decent, affordable housing in economically vibrant, diverse communities statewide.

III. ALLOCATION PROCESS

A. Statutory and Procedure Requirements

All proposed projects must meet occupancy, rent restrictions and other basic statutory requirements of the Code, the Procedures of the Authority, and applicable State and Federal law.

B. Credit Availability

In order to provide predictability to the development community after a 9% round's awards are announced, the Authority will estimate and release the amount of Credits available for the subsequent round. The amount estimated to be available will be based upon the estimated Credit Ceiling, adjusted for forward allocations, if any, and any designated exceptional priorities, if any, using the following calculation:

1. The previous round's Credit Ceiling, less;
2. Forward Allocations awarded in the previous round, plus;
3. Forward Allocations from the next year's Credit Ceiling.

C. Allocation Priorities

The Plan provides a total of 106 points to support priority for housing development proposals that incorporate:

<u>Rental Affordability</u> (35 points) – Creates or preserves rental units dedicated to low-income families, households and individuals with incomes below 50% of the Area Median Income.

<u>Financial Efficiency & Sustainability</u> (27 points) – Demonstrates cost effectiveness through efficient use of Credits and other sources.

<u>Local Impact</u> (15 points) – Supports use of land and resources in ways that enhance the long-term quality of life which contributes to a vibrant and resilient economy and maximizes existing infrastructure while preserving natural resources, giving priority to projects that reuse or capitalize areas within built-up lands, existing commercial properties, and brownfield sites.

<u>Opportunity Characteristics</u> (15 points) – Promotes diverse housing opportunities in municipalities with defined opportunity characteristics, including better outcomes in education, greater employment opportunities and economic health.

<u>Qualifications & Experience</u> (11 points) – Promotes an experienced development team's strong track record in LIHTC and affordable housing development.

State Sponsored Housing Portfolio ("SSHP") Developments – Additional Points (3 points) – Supports the redevelopment of the State's aging moderate rental housing stock.

D. 9% LIHTC Allocation Process

The Authority will allocate 9% Credits based upon the selection criteria and application ranking procedures set forth below:

1. Applications in the 9% round will be separated into two classifications: Public Housing and General.
2. Determine LIHTC eligibility based on the criteria in Section III. F.
3. Score applications based on the criteria in Section III. G.
4. Select the highest-scoring applications in the Public Housing and General Classifications subject to adjustments for the following, as necessary:
    - Within the General Classification, skip over higher-scoring applications to fulfill the 10% non-profit requirement.

The Authority intends to distribute as evenly as possible the available 9% Credits between the Public Housing and the General Classifications, and may reallocate available Credits at its discretion.

Tie breakers: If two projects have equal scores, the Authority will use the following tie-breakers, in order:

1. Preference is given, within the Public Housing Classification, to applications for SSHP developments that include Family units (as defined in the Glossary) over other applications in this classification;
2. Lowest credit per unit;
3. Highest Total Rental Affordability Category score;
4. Highest Total Local Impact Category score;
5. Highest Total Financial Efficiency & Sustainability Category score; and

The results of the evaluation and ranking will be determined at the sole discretion of the Authority.

E. Application Classifications

Applications for 9% Credits are grouped into one of two classifications for evaluation. The Public Housing and General Classifications are used for allocation within the competitive round.

Public Housing Classification – Preservation, rehabilitation or qualified new construction that is part of a comprehensive plan to replace and/or rehabilitate public housing units inclusive of those in the SSHP as described below, the Rental Assistance Demonstration (RAD) program, or Choice Neighborhoods. This classification is limited to applications that address housing policy to revitalize housing developments that were financed and developed through Federal or State public housing programs. Among its purposes, the project must include but not be limited to integrating units into the community or region and encouraging economic integration.

SSHP developments eligible to apply for 9% Credits are those that have a transaction year of 2020 or sooner, or are current "at-risk" developments, and in either case, have received from

DOH a preliminary approval of rental assistance subsidy prior to the application deadline if the applicant contemplates or requires such subsidy for its application to be financially feasible.

General Classification – Projects that do not qualify for the Public Housing Classification.

There is not a separate classification for projects involving qualified non-profit organizations. Credits will be allocated subject to satisfying the non-profit set-aside requirement stated in Section 42(h)(5) of the Code. Non-profit organizations must satisfy the following requirements in order to receive a non-profit designation:

1. The non-profit organization must commit to participating materially (within the meaning of Section 469(h) of the Code) in the development and operation of the project throughout the compliance period; and
2. The non-profit sponsor must be a qualified non-profit organization as defined in Section 42(h)(5)(C) of the Code.

The Public Housing and General Classifications apply to the 9% LIHTC application rounds only.

F. Application Criteria

A completed CHFA-DOH Consolidated Application for Housing Development ("ConApp") must be submitted by the published deadline and meet the requirements of the Authority as described in Board policy statements and in CHFA Guidelines.

In addition, the following requirements must be met or evidenced:

1. All applications must meet at least one of the following criteria in order to be eligible to apply (criteria based upon the Policies outlined in the C&D Policies Plan):
   a. Enhance housing mobility and choice across income levels and promote vibrant, mixed-income neighborhoods through rental opportunities;
   b. Support adaptive reuse of historic and other existing structures for use as residential housing;
   c. Develop housing in urban communities to people most likely attracted to working and/or living in urban environments;
   d. Support local efforts to develop appropriate urban infill housing and neighborhood amenities to make better use of limited urban land;
   e. Develop housing as part of mixed use and transit-oriented development within walking distance to public transportation facilities;
   f. Increase housing density in village centers;
   g. Access to parks and recreational opportunities, including trails, greenways, community gardens and waterways, for affordable and mixed-income housing.
2. All applications must also meet policy and administrative requirements of the Authority as follows:
   a. The proposed development must be ready to proceed as documented by the following **Application Threshold** items:
      - A credible financing plan as evidenced by letter(s) of commitment or other proof of serious intent from providers of other sources of funds essential to the viability of the proposed project (not including any capital subsidy contemplated from

DOH, provided, however, that no project can be awarded tax credits unless DOH provides CHFA with its commitment for funding. Any capital subsidy contemplated from DOH will be evaluated by DOH following submission of the ConApp, and DOH shall communicate its determination with respect to such funding to both the Authority and the applicant.)

- Evidence of site control.
- Evidence of planning and zoning approval.
- Qualified development team in place, including architect, general contractor and management agent.
- All Sponsors are subject to bidding requirements but may be exempt from having a General Contractor in place at time of application. At any time that project costs increase from the budget proposed at the time of application, the Authority shall require the applicant to mitigate and reduce such project cost increases. Efforts may include competitive bidding and/or value engineering or both as may be required by CHFA. Applicants are advised to pre-qualify three general contractors acceptable to CHFA. Competitive bidding for a General Contractor or project value-engineering should be completed prior to the applicant's execution of a Carryover Allocation Agreement or receipt of an Authority-issued 42(m) letter.
- All LIHTC developments must provide construction observation reports to the Authority on a regular basis as described by the Authority in its current Pre-Construction Guidelines.
- Length of Extended Low Income Housing Commitment ("ELIHC") for a minimum of 40 years.
- Development shall be affordable to current residents (if any) so that no permanent displacement is required for reasons of affordability.
- A minimum of 20% of the units in the development shall serve households with incomes greater than 25% but less than or equal to 50% of the Area Median Income ("AMI"). Points will be awarded based on the percentage of the total units in a development over 20% that will serve households with incomes greater than 25% but less than or equal to 50% AMI.
- Development plans and specifications that are in compliance with the Multifamily Design, Construction and Sustainability Standards and Construction Guidelines ("Standards") shall be submitted at a minimum level of 40% complete.

b. For rehabilitation projects, there must be minimum construction hard cost expenditures (Divisions 3-16 as noted on the ConApp Project Cost Summary form) of $25,000 per unit.

c. Developments that received LIHTCs in a prior year are not eligible to apply for 9% LIHTCs if less than 20 years have passed since the project, or a portion of the project, has been placed in service.

d. The proposed applicant must commit to undertaking good faith efforts to hire or train very low-income persons in accordance with the Authority's Very Low-Income Construction Employment Policy.

e. In the case of a rehabilitated housing proposal, the applicant shall provide a preliminary Capital Needs Assessment of the structure to be rehabilitated, in form and content consistent with the Standards.

f. Applications may not be filed by applicants who have (1) failed to comply with the terms of any ELIHC for a project they previously sponsored or developed; (2) been removed as a general partner or management agent from any previous LIHTC development; or (3) experienced a LIHTC project foreclosure.

g. Each application within the Public Housing Classification for a development with existing residents will be required to certify that it has a plan that ensures meaningful resident participation in the planning and implementation process, in accordance with C.G.S. §8-64c. (For additional information refer to the ConApp.)

h. Each applicant will be required to affirm its commitment, by certifying in writing to:

- Give preference in its tenant selection plan to eligible households on waiting lists of the public housing authority(ies) (PHA) in the local market area unless HUD regulations prohibit such preference,
- Make on-going efforts to request that the PHA make referrals to the project, or request that the PHA include relevant information about the project on any listing the PHA makes available to persons on its waiting list(s), and to persons least likely to apply.

i. As a condition of applying for and receiving an allocation, applicants are required to waive their right to request a Qualified Contract. The waiver requirement applies to applicants for both 9% LIHTCs and 4% LIHTCs. This waiver by the applicant will be binding upon the eventual ownership entity and any successor entities.

j. The Authority's Board of Directors reserves the right to independently review proposals and not award Credits because of non-compliance with requirements of any adopted housing policies, standards, or objectives of the State.

3. An allocation of Credits is conditioned upon a Credit reservation by the Authority's Board of Directors and the submission of a housing market study, in form and content consistent with the Authority's Market Study Guidelines, indicating sufficient demand for the housing to be developed.
4. If a proposed development contains units that have a rental subsidy that subsequently becomes unavailable, upon the request of the owner and with the authorization of the Authority, the designated units, including supportive housing units, may revert to 50% or 60% AMI units as stated in the ELIHC until new rental subsidy funding becomes available.
5. Developments proposing to establish tenant ownership of the development (or all of the individual units) after the initial 15 year compliance period must submit a specific and credible plan that demonstrates the development of owner capacity and identifies the resources necessary for tenant organization and representation, the acquisition(s), and all transaction costs.
6. The Authority reserves the right to consider alternative financing structures that reduce the volume of 9% LIHTCs used or reduces the need for scarce CHFA soft financing. One alternative is the use of separate, but simultaneous, financing plans

utilizing both 9% LIHTCs and 4% LIHTCs and tax-exempt bonds. Developments eligible for consideration should be of a scale to produce demonstrable savings of these resources in exchange for the higher complexity of the execution. In determining such alternative financing structures, the Authority will consider, among other things:

- Experience in successfully completing the proposed alternative structure and organizational depth and capacity to undertake complex transactions;
- Simultaneous financing for each building/phase/condominium unit;
- Ability to adhere to strict timelines; and
- Demonstration of cost savings, increased unit production, and a reduction in the volume of 9% LIHTCs or resources, as required.

7. When calculating the amount of 9% LIHTCs necessary to achieve feasibility for transactions proposing to utilize third-party financing, the Applicant shall ensure that the terms of the proposed financing are such that the use of credits is minimized and the debt is sized appropriately. The Authority shall review the terms of the proposed financing in the context of the development proposal and determine its acceptability.

G. Scoring

There are two types of LIHTCs—9% and 4% credits. Only the 9% credits, which generate more equity, are awarded on a competitive basis through the QAP. The 4% credits are used in conjunction with bond financing, which may be competitively awarded through a Notice of Funding Availability. All applicants in the 9% round will be scored by the following criteria:

1. Rental Affordability

a. Supportive Housing Units

Points will be awarded based on documentation of supportive services from a Qualified Service Provider specifically for residents identified as homeless or chronically homeless, as defined in the Supportive Housing Guideline. Documentation must include a Services Plan and evidence of funding sources, including a budget, for supportive services. (Reference must be made to the current Supportive Housing Guideline for definitions, service funding criteria and the list of Qualified Service Providers).

Percent of units	Points
≥ 20%	6
≥10% and <20%	2

b. Households at or below 25 Percent of Area Median Income (AMI)

Points will be awarded based on the percentage of qualified units that serve households at or below 25 percent of AMI and provide rents pursuant to HUD guidelines adjusted for family size throughout the extended use period.

Percent of units	Points
≥25%	7
≥20% and <25%	4
≥15% and <20%	3
≥10% and <15%	2

c. Households above 25 and at or below 50 Percent of AMI

Points will be awarded based on the percentage of total units that serve households above 25 and at or below 50 percent of AMI and provides rents pursuant to HUD guidelines adjusted for family size throughout the extended use period.

Percent of units	Points
≥40%	6
≥30% and <40%	4
Over 20% and <30%	3

d. Mixed Income Housing

Projects that promote economic integration by creating mixed income housing will receive points based on the percent of non-qualified units (market rate housing without income restrictions) included.

Percent of non-qualified units	Points
≥20%	6
≥10% and <20%	2

e. Preserves At-Risk Affordable Housing

The rehabilitation project preserves existing occupied affordable rental housing that is at risk of conversion to unregulated use (expiring use restrictions) and has identified rehabilitation needs. Properties must be at risk of conversion within 3 years of the LIHTC application due date. (Rehabilitation levels defined in the Standards.)

Rehabilitation Level	Points
Substantial rehabilitation	5
Moderate rehabilitation	2

f. Production and Preservation of Affordable Housing

The Authority prefers to produce more affordable housing through the **<u>increase in the deed-restricted housing supply</u>**, as long as such production is appropriate to the site and the needs of the community. Renovation of a property that is not habitable, and/or is blighted or condemned will be counted as new production. Adaptive re-use is new construction. If deed-restricted housing already exists, any addition to the unit count will be considered an increase and <u>not</u> new construction, and only an increase in units of 10% or more may receive points. Refer to Glossary for definition of “blight”.

Effect on unit count	Points
New Construction	4
Increased units by 10% or more	2

g. On-Site Resident Services Coordinator

On-site resident services coordinator (RSC), working a minimum of 20 hours per week. Property budget line item or evidence of arrangement with a third party provider specifying the funding source is required.

1 Point

2. Financial Efficiency & Sustainability

a. Cost Effectiveness, Hard Costs

Points will be awarded for square foot costs that fall within an acceptable range as evaluated according to the Standards for applications that include plans and

% Deviation	Points
Between +/-5%	3
Between >5% and 10% or between <-5% and -10	1

specifications submitted at a level of 90% complete or better. Points may be awarded based upon deviation from the Authority's anticipated construction square foot cost. (For additional information refer to the Standards.) Costs are reviewed in the context of development location and any applicable constraints in the marketplace including regional labor and material costs and applicability of prevailing wage statutory requirements. Determination of the acceptable range of hard costs shall be at the Authority's discretion.

b. Credits Per Qualified Bedroom

Projects will be ranked lowest to highest credits per qualified bedroom and awarded incremental points in accordance with their ranking. Points will be scaled accordingly with the lowest credits per qualified bedroom receiving 5 points and the highest receiving 0. Per-bedroom figures may be modified by the results of the Authority's financial feasibility analysis.

	Points
Lowest credits per bedroom	5
Incremental credits	Scaled pts
Highest credits per bedroom	0

c. Credits less than 50% of Total Uses

LIHTCs estimated by the Authority for any one development which do not exceed 50 percent of total uses will receive points. LIHTCs estimated by the Authority for developments located in QCTs or DDAs, as defined in Section 42(d)(5)(B)(ii) of the Code, which do not exceed 65 percent of total uses as recognized by the Authority will receive points.

4 Points

d. Other Permanent Funding Sources

Commitment(s) for permanent funding sources in excess of 5% of Total Development Resources, including local housing trust funds, grants, foundation awards, or non-debt commitments such as land contributions, tax abatement, block-grant funds, or an AHP award will qualify for 1 point if written documentation is provided. State or state-administered funds, including but not limited to DOH funding, Urban Act, Brownfields, HTCC, State Historic Tax Credits, and CRDA are not eligible sources of permanent funding for purposes of qualifying for the point.

1 Point

e. Building Plans and Specifications

Cost estimates become more reliable with greater levels of completion of plans and specifications. To encourage fully developed plans and specifications, Applicants that submit building plans and specifications at a level of completion of 90% or higher may be awarded points. In order to qualify for points, Applicant shall certify that 90% drawings and specifications have been subjected to quality control review to check for errors and omissions, building code, and fire code compliance issues. Determination of completeness is at the sole judgment of the Authority.

% Complete	Points
≥90%	3

f. Sustainable Design

Points will be awarded based upon the Sustainable Design Measures (SDM) provided and indicated in the plans, specifications, Energy Conservation Plan, third-party Energy Consultant's / Professional Engineer's report, and/or other supporting documents as outlined in the Standards.	Points for SDMs described below are additive. Maximum points available in this category: 7

SDM	Description	Points
Passive House Design	Points may be awarded for projects designed to meet Passive House standards. Submit plans and specifications at a level of 90% and in accordance with the Guideline for Passive House.	3
Cost Effectiveness	1 point will be awarded to the top two projects that qualify for the Passive House Design points and that have the lowest per unit construction costs.	1
High-performance Building Design	<u>Minor, Moderate or Substantial Rehabilitations</u> – Projected reduction in energy consumption ≥ 33% <u>Gut Rehabilitations/New Construction</u> – Projected energy cost savings ≥ 23% over current ASHRAE Standards.	2
Renewable Energy System	Provide a roof-top, building- or landscape-integrated Photovoltaic (PV) system providing ≥ 33% of site lighting energy requirements, or an ENERGY STAR-qualified central geothermal HVAC system.	1

g. Cost Effectiveness, Intermediary Costs

Cost efficient designs and reasonable soft costs, such as professional fees, are strongly encouraged. 4 points will be awarded to the top 2 projects per classification with the lowest percentage of Intermediary Costs.

4 Points

3. Local Impact

a. Priority Locations

Project is located in a Priority Funding Area. A point will be given for each of the following criteria as identified by the C&D Policies Plan for the subject property.

- Designation as an Urban Area or Urban Cluster in the 2010 Census

Criteria	Points
5 Criteria	5
4 Criteria	4
3 Criteria	3
2 Criteria	2
1 Criteria	1

- Boundaries that intersect a ½ mile buffer surrounding existing or planned mass-transit stations
- Existing or planned sewer service from an adopted Wastewater Facility Plan
- Existing or planned water service from an adopted Public Drinking Water Supply Plan
- Local bus service provided 7 days a week within ½ mile of the proposed development as measured by a pedestrian's path

b. Transit-Oriented Development

"Transit Oriented Development" for the purposes of the LIHTC program means the development of multi-family residential apartments within walking distance of public transportation stations serving rapid transit bus services or rail. (For the complete definition, refer to the Glossary.) Applicants shall provide maps evidencing the distance of a pedestrian's path to the transportation hub or transit station. Points are additive and may be awarded based on criteria below: Criteria	Maximum of 4 Points
• Mixed income development located within a half mile of an existing station or hub along the CTfastrak corridor or the Hartford rail line, Shoreline East or MetroNorth's New Haven, New Canaan, Danbury and Waterbury lines;	2
• Mixed use development that includes neighborhood amenities such as pharmacy, restaurant, market, studio or other retail/commercial/cultural opportunity(ies) that encourage community revitalization	2

c. Family Developments

Proposed developments must not be age-restricted, and must contain a mix of bedroom sizes, with more than 50% of the development's total units containing two or more bedrooms.

1 point

d. Signed Resident Participation Agreement

Point is given, within the Public Housing Classification only, to applications that include a signed agreement for resident participation if signed agreements are applicable in accordance with C.G.S. § 8-64c.

1 Point

e. Historic Place, Adaptive re-use, or Brownfield Development

Renovation of a designated historic building (provide evidence of such designation); or

3 Points

Renovation and adaptive re-use of vacant or abandoned non-residential structure (does not have to be historic); or

Remediation of Brownfield site, such site included on a federal or state list of brownfield sites and/or has been awarded Brownfield "clean-up" funds by a federal or state agency.

f. Located in a Qualified Census Tract

One point awarded to projects that are located in Qualified Census Tracts (QCTs), as defined in § 42(d)(5)(B)(ii) of the Code, and the development of which contributes to a concerted community revitalization plan. Difficult Development Areas (DDAs) may be included in this category. Community revitalization plan must be provided. (For definitions, refer to the Glossary).

1 Point

4. Opportunity Characteristics

a. Municipalities Having Less Assisted and Deed Restricted Housing

Project is located in a municipality where there is less than 10% assisted and deed restricted housing according to the definition in C.G.S. §8-30g(k) and identified on the "Affordable Housing Appeals Procedure List" published by DOH.

6 Points

b. Development located in an Area of Opportunity "Development Located in an Area of Opportunity" means a development with non-age restricted units of which more than 50% of the development's total units contain two or more bedrooms, and that is located in a municipality with: Below average poverty levels, Average to above average ratings for school performance as evidenced by GreatSchools 2013 District Ratings, Above average "Jobs to Population" ratio and access to higher education opportunities as evidenced by proximity to community/technical colleges. Refer to Opportunity Characteristics Guideline for points calculations. A Locational Guideline Map will be made available on the Authority's website and will be the tool for Applicant's to use to determine their points.	Additive to a maximum of 9 points in this category:
• Below Average Poverty Rate	2 points
• Above Average Performing Schools (Scores in the 8 to 10 range) *or* Average Performing Schools (Scores in the 4 to 7 range)	2 points *or* 1 point
• Employment in Community	3 points
• Access to Higher Education	2 points

5. Qualifications & Experience

a. Experience of the Sponsor/Applicant/General Partner

The Authority will award points for demonstrated experience of the sponsor, applicant or general partner ("GP"), either principal or entity, in successful LIHTC development(s) based on the scales below up to a maximum of 5 points combined for the number of projects and the years of LIHTC experience. To count, projects must have a minimum of 5 years of operation since being placed in service. Applicants claiming points for experience should include a list of developments, locations, and years placed in service.

Number of Projects: To use the scale, add the applicable points for projects in operation more than 5 years. A maximum of 3 points are possible in this category.

Projects	Points
≥6	3
≥4 and <6	2
≥2 and <4	1

Number of Years' Experience: To use the scale, add the applicable points for years of ownership. A maximum of 2 points are possible in this category.

Years LIHTC experience	Points
≥10	2
≥5 and <10	1

b. Developer/Sponsor Resources

Points will be awarded based upon the percentage of permanent Developer/Sponsor Resources to the project's permanent Total Development Resources (for additional information, refer to the Glossary).

% of Resources	Points
≥10%	3
≥5% and <10%	2
<5%	0

c. Women and Minority Participation

2 Points

Women and/or minorities are encouraged to participate in the ownership, development, or management of the project. Points may be awarded if evidence is provided that the entity meets the Supplier Diversity Eligibility Requirements of the State of Connecticut relative to women- or minority-owned business entities (MBE). Please visit the Department of Administrative Services for complete information.

d. Connecticut-based Contractor

1 Point

Contractor is a State based organization whose principal place of business has been located in the State for a minimum of 3 years.

6. SSHP Development – Additional Points

3 Points

Points will be awarded to the highest ranking SSHP development application that has an aggregate allocation need of annual LIHTCs not to exceed $1.2 million. SSHP developments must be eligible to apply. Existing SSHP developments that propose an expansion are eligible only if such expansion provides net new units of non-age restricted housing containing two or more bedrooms.

IV. PROJECTS FINANCED WITH TAX-EXEMPT BONDS

To the extent projects are financed with the proceeds of tax-exempt bonds subject to the annual volume cap limitation under Section 146 of the Code, such projects may receive Credits without receiving an allocation from the Authority. If fifty percent (50%) or more of the aggregate basis of a project (including land) is financed with the proceeds of such tax-exempt bonds, the entire project is eligible for Credits based on its qualified basis without receiving an allocation of Credits from the Authority. However, all credits for such projects must be determined by the

Authority to have been consistent with the State's QAP, such consistency being determined by the following:

A. Application Criteria: Tax-exempt bond financed projects must meet the application criteria set forth in Section III. F. and the Authority's Procedures.

B. Underwriting Criteria: Tax-exempt bond financed projects must also meet the underwriting criteria adopted from time to time by the State Bond Commission for multifamily rental housing financed with bonds issued pursuant to an allocation of volume cap authority approved by the State Bond Commission.

C. Credit Limitation: Tax-exempt bond financed projects are also subject to the limitation on the amount of Credits available to a project contained in Section 42(m)(2)(A) of the Code.

V. TAX CREDIT COMPLIANCE MONITORING

Compliance Monitoring Overview

Section 42(m)(1)(B)(iii) of the Code requires that a qualified allocation plan provide a procedure the agency (or an agent or other private contractor of such agency, ("Authorized Delegate")) will follow in monitoring for noncompliance with the provisions of Section 42 and to notify the IRS of such noncompliance.

The compliance monitoring process will determine if a project is in compliance with the requirements of the LIHTC Program pursuant to Section 1.42-5 of the Treasury Regulations. The Authority's monitoring process is outlined in the Low-Income Housing Tax Credit Compliance Manual which can be downloaded from the Authorized Delegate's website. Please refer to the Compliance Manual for detailed monitoring information. The Authority's compliance monitoring requirements apply to all tax credit projects, including those financed with tax-exempt bonds.

The Internal Revenue Service (IRS) published guidance for state housing credit agencies, Guide for Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, effective January 2011. The purpose of the Guide is to standardize the treatment of non-compliance issues and it includes instructions for completing Form 8823 and guidelines for determining noncompliance and reporting dispositions.

If an owner fails to comply with the requirements of the Code and the Regulations promulgated thereunder, the Authority will notify the IRS of such noncompliance by filing Form 8823.

Owners and management agents of developments placing in service are required to attend the Authority's Tax Credit Compliance Monitoring Conference at least six months prior to the first building's Placed-In-Service date. However, if the owner and agent have previously attended this Conference, within the last three years, the attendance requirement may be waived with Authority approval.

A. Recordkeeping and Record Retention

Under the recordkeeping provision of Reg. Section 1.42-5 (b), the owner must keep records for each building in the project for each year in the compliance period.

Under the record retention provision, Section 1.42-5 (b)(3), owners are required to keep all records for each building for a minimum of six years after the due date (with extensions) for filing the federal income tax return for that year. The original records for the first year of the credit period must be retained for at least six years beyond the due date (with extensions) (21 years) for filing the Federal income tax return for the last year of the compliance period of the building. Duplicate copies of first year files should be kept at an accessible and secure off-site location. Copies may be scanned, retained in a PDF file or recoded on a compact disc.

The owner of a LIHTC project must retain the original local health, safety, or building code violation reports or notices that were issued by the State or local government unit for the Authority's inspection and submit copies with the annual certification.

B. Certification and Review Provisions

1. The owner of the tax credit project must certify at least annually to the Authority that for the preceding 12-month period the project met certain requirements. The Authority will review at least 20% of low income tenant files at least once every three years. New projects will be reviewed within two years following the year the last building in the project is placed in service. The required reports, certifications, and forms can be found at the Authorized Delegate's website. Annual reporting must be submitted throughout the Extended Use Period of the project.

2. The Authority or its Designee will require annual certification that the developer/owner has provided, and will continue to provide, items for which a development received points in the competitive scoring process that led to a LIHTC award.

3. Additionally, the Authority or its designee will require annual certification that the developer/owner has complied with all requirements of the Violence Against Women Act (VAWA). Guidance and references are provided on the Authority's website.

C. Inspection Provision

a. At least once every three years the Authority or its designee will perform an on-site inspection of the project including site, building exteriors, building systems, units, and common areas. At least 20% of the project's low-income units will be inspected using standards governed by HUD and Uniform Physical Condition Standards (UPCS). These standards require properties to be in decent, safe and sanitary condition, and in good repair.

b. The Authority or its designee will periodically perform Quality Assurance monitoring for supportive housing units pledged by a developer/owner in its development project. Monitoring visits during which the monitoring agency will review files, interview staff and meet with tenants to assess compliance are more fully described in the current Supportive Housing Guideline.

D. Notification of Noncompliance

The Authority is required to provide prompt written notice to the owner when the Authority does not receive the required certifications and other forms; does not receive or is not permitted to inspect the tenant income certifications, supporting documentation and rent records; or discovers by inspection, review or in some other manner that the project is not in compliance with the provisions of Section 42. The correction period, established by the Authority, is 30 days from the date of the notice. The Authority is required to file Form 8823 Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition with the IRS.

E. Compliance Monitoring Fees

Projects allocated Tax Credits are required to pay an upfront Tax Credit Servicing Fee in the amount of 8% of the annual allocation. The Authority reserves the right to make adjustments to annual monitoring fees due to increased monitoring requirements and or costs.

F. Asset Management Fees

The Authority will perform Asset Management functions throughout the compliance period on projects receiving American Recovery and Reinvestment Act (ARRA) funding through the Tax Credit Assistance Program (aka TCAP), 1602 Program: Payments to States for Low-Income Housing Projects in Lieu of Low-Income Housing Tax Credits (aka Section 1602 or TCEP) or other new federal credit exchange program funding. The Asset Management Fee charged for projects receiving any of the ARRA funding sources shall be $5,000 annually.

G. Other

The Authority reserves the right to revise compliance monitoring policies and procedures as required by Section 42 of the Code, including other guidance published by the IRS.

The 2008 HERA Law requires the Authority to report tenant data to HUD annually, including tenant race, ethnicity, family composition, age, income, use of rental assistance or other similar assistance, disability status, and monthly rental payments.

Please refer to the Authority's Compliance Monitoring Manual for detailed monitoring requirements. It can be found at www.spectrumlihtc.com.

H. Liability & Delegation

Compliance with the requirements of Section 42 of the Code is the responsibility of the owner of the building for which the Credits were allocated. The Authority's obligation to monitor for compliance with the requirements of Section 42 of the Code does not make the Authority liable for an owner's noncompliance.

The Authority may choose to delegate all or a portion of its compliance monitoring responsibilities to an agent or other private contractor, Authorized Delegate. The option, if chosen, does not relieve the Authority of its obligation to notify the IRS of noncompliance. The Authority may also delegate some or all of its compliance monitoring responsibilities to another state agency. The delegation may include the responsibility of notifying the IRS on noncompliance.

RESOLUTION ADOPTING AMENDMENTS TO THE CONNECTICUT HOUSING FINANCE AUTHORITY LOW-INCOME HOUSING TAX CREDIT PROCEDURES

WHEREAS, the Connecticut Housing Finance Authority (the "Authority") is the designated state housing credit agency responsible for the allocation and administration of Low-Income Housing Tax Credits in the State of Connecticut; and

WHEREAS, the Authority is subject to the provisions of Chapter 12 of Title 1 of the Connecticut General Statutes (the "Quasi-Public Agencies Act"); and

WHEREAS, by Resolution approved May 30, 2019, the Authority authorized, for public comment purposes, proposed amendments to its Low-Income Housing Tax Credit Procedures; and

WHEREAS, the public comment period has ended and comments have been reviewed; and

WHEREAS, the Authority desires to adopt amendments to its Low-Income Housing Tax Credit Procedures, as provided herein.

NOW THEREFORE, be it resolved by the Board of Directors of the Connecticut Housing Finance Authority, as follows:

The Board of Directors hereby adopts the attached amendments to the Authority's Low-Income Housing Tax Credit Procedures.

To: Board of Directors

From: Terry Nash, Manager II, Multifamily

Date: July 25, 2019

CONNECTICUT HOUSING FINANCE AUTHORITY

Agenda Item: **CHFA Procedures: Low-Income Housing Tax Credit Procedures - Adoption of Amendments** **Resolution**

Recommendation:

Adopt the proposed amendments to CHFA's Procedures – Section V. Tax Credit Programs, A. Low-Income Housing Tax Credit (the "LIHTC Procedures").

Background:

The Board authorized a public comment period for the proposed amendments to the LIHTC Procedures at its meeting on May 30, 2019. After suitable notice, a 30-day public comment period began June 11, 2019. The purpose of the amendments to the LIHTC Procedures summarized below, and effective with the 2020 application year, is to support applicant capacity and encourage applicant capacity building with the goal of achieving development completion and tenant occupancy most expeditiously.

Proposed Amendments to the LIHTC Procedures:

- Requirement for applicants to attend a pre-application conference with CHFA staff; and
- Notification that a Developer that has received LIHTC awards in both of the two preceding years is not eligible to submit new LIHTC application(s) for additional development(s) unless it can be demonstrated that the previously awarded developments are on track to meet benchmarks.

Current Status:

No comments were received regarding the proposed amendments. One general comment was received with respect to the cap on tax credits per units, which remains unchanged.

The attachments provided include:

- General comment regarding the LIHTC Procedures
- Red-lined draft of the LIHTC Procedures
- Clean accepted version of the LIHTC Procedures

Conclusion:

No further changes are proposed. It is recommended that the Board adopt the amended LIHTC Procedures as presented.

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cc: Diane L. Smith, Interim Executive Director

Nash, Terry

From: Charlie Adams <cadams@pennrose.com>
Sent: Monday, July 01, 2019 9:17 AM
To: Nash, Terry
Cc: Karmen Cheung
Subject: RE: QAP Comment

[EXTERNAL EMAIL: If unknown sender, do not click links/attachments. Never give out username or password.]

I am also writing to encourage CHA to consider raising the cap on the number of tax credits per unit under the QAP should it be necessary to close a financing gap prior to closing. While tax credits provide the most critical piece of financing for large scale affordable housing developments, there remains a gap that needs to be filled by other sources. In an era of diminished resources for such gap financing, LIHTC would be able to fill that void. Thank you

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From: Charlie Adams
Sent: Friday, June 28, 2019 11:27 AM
To: terry.nash@CHFA.org
Cc: Karmen Cheung <kcheung@pennrose.com>; Charlie Adams (cadams@pennrose.com) <cadams@pennrose.com>
Subject: RE: QAP Comment

I am writing to urge CHFA to consider the inclusion of Opportunity Zones as a scoring criteria for the scoring of applications to the Low Income Housing Tax Credit Program. We believe that the State Legislature and Governor have identified particular communities within the State that it wants to direct economic investment in. Providing a preference for projects located within Opportunity Zones would be consistent with the intent of the federal and state legislature in their enactment of Opportunity Zones and would allow those projects to leverage this policy for the production of affordable housing.

PENNROSE
Bricks & Mortar | Heart & Soul
Pennrose.com

Karmen Cheung
Associate Developer
Pennrose, LLC

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Mission: Our committed team of exceptional professionals transforms communities by creating high quality real estate developments and delivering outstanding value to our clients and partners.

EXCERPT OF
CONNECTICUT HOUSING FINANCE AUTHORITY PROCEDURES

V

TAX CREDIT PROGRAMS

A. LOW-INCOME HOUSING TAX CREDIT

The Connecticut Housing Finance Authority (the "Authority" or "CHFA") administers the federal Low-Income Housing Tax Credit ("LIHTC") Program for the State of Connecticut (the "State"). The LIHTC Program is a housing program authorized under Section 42 of the Internal Revenue Code (the "Code"), and is administered by the U.S. Department of the Treasury. These Procedures govern the allocation, reservation and the compliance monitoring required by the LIHTC Program. Other governing material includes, without limitation, the Authority's Procedures Part II. Rental Housing – A. Multifamily Rental Housing Program; policies, including CHFA Board policy statements; program materials, including the Qualified Allocation Plan (the "QAP"), the CHFA/DOH Consolidated Application ("ConApp" or "application"), the LIHTC general information, all associated guidelines, and CHFA's current Multifamily Design, Construction and Sustainability Standards, collectively referred to herein as "Administrative Requirements". The Authority's Board of Directors may reject any LIHTC application which, in its independent determination, fails to meet the requirements articulated in the QAP.

A-1. Qualified Allocation Plan

The LIHTC Program requires each state responsible for allocating the LIHTCs to approve a plan for the allocation of the credits that is relevant to that state's housing needs and is consistent with that state's housing priorities. The QAP is the plan for the State. The QAP establishes guidelines and procedures for the acceptance, scoring and competitive ranking of LIHTC applications for each funding round.

The QAP is reviewed and modified periodically to ensure that it continues to meet the affordable housing needs and the priorities of the State as articulated in the State of Connecticut Consolidated Plan for Housing and Community Development, Conservation and Development Policies: The Plan for Connecticut, and the Analysis of Impediments to Fair Housing Choice 2015. The QAP is also modified periodically to incorporate any revisions to the Code, State regulations, and relevant industry best practices.

When changes are proposed for an existing QAP, the Authority publishes the draft QAP reflecting such changes and conducts hearings to allow for public review and comment. After consideration of all comments received during the public review period, the Authority's staff submits a recommended draft QAP to the Authority's Board of Directors for its consideration and approval. After the draft QAP is approved by the Authority's Board of Director's, the QAP is forwarded to the Governor for approval.

A-2. Submission and Eligibility

A ConApp, in its most recent form, shall be completed and submitted by an applicant seeking tax credits. Unless otherwise specified herein, reference to "LIHTC" application shall mean 4% and 9% LIHTC applications. Each LIHTC application shall be evaluated pursuant to the QAP in effect and the Code. The completed application package must satisfy the Application Criteria established in the QAP at Section III.F. and the policy objectives and Administrative Requirements of the Authority. In addition to the Administrative Requirements and the Code, 4% tax credit applications may also be subject to requirements published in a Notice of Funding Availability (NOFA).

The determination of whether the applicant has satisfied all eligibility criteria and the policy objectives and administrative requirements of the Authority shall be made by the Authority's Executive Director or other authorized officer. The Authority's Executive Director, or other authorized officer, may require or accept additional or alternative evidence that an application satisfies all eligible criteria when it is in the public interest of the Authority, the LIHTC Program, and the housing plans or policies of the State.

The Authority requires that LIHTC developments submitted are ready to proceed and anticipates that such developments will achieve projected benchmarks. To that end, the Authority will consider the success of each Applicant in achieving benchmarks and delivering completed developments along with its capacity to undertake new projects given its existing pipeline. The process for such consideration shall be discussed with applicants at the pre-application conference and again at the time of application.

For the 2019 application year, all Applicants are invited and encouraged to attend a pre-application conference with the Authority. For the 2020 application year and beyond, all Applicants shall be required to attend a pre-application conference with Authority staff. Additional information on this process may be found in the Guidelines.

Effective with applications submitted in 2020, if an Applicant (including entities and principals thereof, and affiliates or related entities of either) has successful LIHTC development applications in both of the two preceding years, no additional LIHTC application(s) may be submitted for a subsequent development unless it can be demonstrated that the previously successful development applications are on track to meet benchmarks, in the Authority's sole discretion. Additional information on this requirement may be found in the Guidelines.

A-3. Processing

Upon receipt of a 9% LIHTC application submitted on or before the applicable deadline, staff will review the checklist for items submitted and perform an initial review of the 9% LIHTC application to determine if it satisfies the Application Criteria set forth in the QAP and the Authority's policy objectives and Administrative Requirements.

Any 9% LIHTC applications received by the Authority after the application deadline shall be denied and will be ineligible for 9% LIHTCs in such funding round. Additionally, applicants cannot submit threshold items after the application deadline. All applications must be complete

at time of submission or will be ineligible for 9% LIHTCs in such funding round. The Authority reserves the right to seek clarification if necessary.

Upon receipt of a 4% LIHTC application, staff will review the checklist for items submitted and perform an initial review of the 4% LIHTC application to determine if it satisfies the Application Criteria set forth in the QAP and the Authority's policy objectives and Administrative Requirements. Applications must be complete in the Authority's sole determination before a financing proposal may be considered for approval.

CHFA will complete a final determination of program eligibility based on its final underwriting projections prior to initial closing.

A-4. Site Evaluation

The Authority's staff shall conduct a site evaluation to determine if the proposed development site is acceptable and satisfies the criteria of the QAP and the policy objectives and Administrative Requirements of the Authority.

A-5. Project Selection Criteria and Ranking Procedures

The Authority shall allocate 9% LIHTCs based upon the selection criteria and application ranking set forth in the QAP.

All applications for LIHTCs shall satisfy the Application Criteria established in the QAP at Section III.F. in order to be eligible. Applications failing to meet all Application Criteria established in the QAP shall be deemed ineligible.

Applications for 9% LIHTCs will be grouped in an Application Classification for evaluation as described in the QAP at Section III.E. These classifications are used for allocation within a competitive 9% LIHTC round only.

Applications will be evaluated, rated and ranked against the other applications in their respective classifications based on the scoring criteria established in the QAP at Section III.G. The results of the final evaluation and ranking shall be determined solely by the Authority.

In accordance with the Code, the Authority will establish a set aside of 10% of the annual credit ceiling for non-profit applicants. Therefore, no more than 90% of the State housing credit ceiling for any calendar year shall be allocated to projects other than those involving nonprofits, as defined in the Section 42(h)(5)(b) of the Code.

A-6. Waivers

Upon written request, waivers for the below limitations may be considered by the Authority's Board of Directors for developments that achieve an extraordinary public benefit, to be determined at the Authority's sole discretion.

(a) The amount of 9% LIHTCs reserved and allocated for any one development may be no greater than 20% of the population component of the total State housing credit ceiling, as

described in Section 42(h)(3)(C)(ii) of the Code. The Board of Directors will not consider any request for a waiver of this limit if the per development amount exceeds the calculated amount by 15%.

(b) The amount of 9% LIHTCs reserved and allocated for any one development may be no greater than the product of $27,500 and the number of the qualified units in the development. The Board of Directors will not consider any request for a waiver of this limit if the per unit amount exceeds $30,000. Note that this cap may not be applicable in applications proposing a hybrid 9% and 4% LIHTC development.

Applicants may request that the Authority's Board of Director's waive these limitations in cases where extraordinary public benefit is to be realized from the proposed development and the limitation presents an undue hardship. Such public benefit and hardship must be documented in detail by the applicant as a part of its request for a waiver.

A-7. Funding Rounds

The LIHTC allocation process shall be conducted on the basis of open application and annual funding rounds with LIHTCs being allocated to those applications approved by the Authority's Board of Directors. Generally, the 4% LIHTC funding allocation process may be conducted on the basis of an open application process; however, a NOFA may be issued for competitive allocation, unless otherwise specified, subject to policy objectives and Administrative Requirements of the Authority. The 9% LIHTC funding allocation process shall be a competitive one as outlined in the QAP.

At least annually, the Authority's Executive Director, or other authorized officer, shall establish, and the Authority's Board of Directors shall approve, a schedule for LIHTC funding rounds.

LIHTC applications will be accepted subject to published deadlines, and the 9% LIHTC funding allocation process, and will be rated pursuant to the QAP within the funding round in which the applications are submitted.

(a) Application resubmissions: Any applicant whose 9% LIHTC application is unsuccessful in the current funding round shall be entitled to an additional resubmission in a subsequent funding round. The completed resubmitted application must satisfy the Application Criteria established in the current QAP and the policy objectives and Administrative Requirements of the Authority**.** Each applicant shall submit a second application fee. If a resubmitted application is not successful, any subsequent application contemplated must include material improvements. CHFA will determine if material improvements are included, in its sole discretion.

(b) Forward allocations: 9% LIHTC allocations in any calendar year will be limited to the State housing credit ceiling for the calendar year, as determined in accordance with Section 42(h)(3)(C) of the Code; however, with the approval of the Authority's Board of Directors, the Authority may commit to reserve all or a portion of subsequent year's estimated population component of the total State housing credit ceiling, as described in Section 42(h)(3)(C) of the Code.

A-8. Tax Credit Reservation

Approved 9% LIHTC applications will receive a Tax Credit Reservation, which must be executed by the applicant and returned to the Authority within the time period stated therein, along with a portion of the Tax Credit Servicing Fee. A Tax Credit Reservation is not an allocation within the meaning of the Code.

The 9% LIHTC reservation may be subject to other milestones or conditions set forth in the Tax Credit Reservation. Failure to meet such milestones or conditions may result in the Authority's cancellation of the Tax Credit Reservation.

A-9. Appraisal and Market Study

Refer to Procedures Part II Rental Housing, Sections A-7 Market Study and A-8 Appraisals for details on 4% and 9% LIHTC requirements. Both the Authority-ordered professional appraisal and market study are not required until after a 9% LIHTC Reservation has been executed. The receipt of the Authority-ordered appraisal and market study is required prior to the execution of a Carryover Allocation Agreement or issuance of a 42(m) letter.

A-10. Reassessment

At the conclusion of the Authority's Board of Director's adoption of resolutions confirming the 9% LIHTC ranking process, an applicant may apply to the Authority to reassess its decisions relating to the acceptance, scoring, or ranking of the application in the funding round. The application for reassessment shall be submitted in a form acceptable to the Authority within ninety (90) days of the Authority's Board of Director's funding round approval. The reassessment shall be conducted by the Authority's senior staff members who were not directly involved in the evaluation of the application. An application for a reassessment must be accompanied by the applicable fee as noted in the LIHTC Guidelines. Decisions regarding reassessments will be considered final and will not be reconsidered. In the event that the application for reassessment results in a change of scoring and an allocation of 9% LIHTCs, the reassessment fee shall be fully refunded. At the discretion of the Authority's Board of Director's, reassessments may result in a forward commitment of 9% LIHTCs in accordance with the current QAP and the policy objectives and Administrative Requirements of the Authority. A successful reassessment will not result in the cancellation of a previously approved reservation.

A-11. Electing Applicable Credit Percentage

Each development's Applicable Credit Percentage will be established by an irrevocable election by the applicant, based on published rates in effect in either (i) the month the development is placed in service or at the election of the applicant, or (ii) the month in which a binding agreement to allocate the credit is entered into between the applicant and the Authority. This election must be made after a 9% LIHTC reservation has been issued and must be executed by the fifth day of the month following the month in which the binding agreement is executed.

A-12. Issuing Tax Credit Allocations

For developments with 9% LIHTCs that will not place-in service in the year of reservation, initial allocations will be made upon meeting the requirements for a Carryover Allocation Agreement. Final allocations of LIHTCs will be issued by the Authority after a review of the cost certification and a determination of final project costs and sources of funding has been made. In instances of a forward allocation of credits, projects will have until December 1st of the credit ceiling year from which the forward reservation was made to satisfy the Authority's requirements for a Carryover Allocation Agreement. Failure to meet this deadline may preclude issuance of a Carryover Allocation Agreement.

A-13. Construction and Cost Certification

All applicants are subject to bidding requirements but may be exempt from having a General Contractor in place at time of application. The Authority reserves the right to require competitive bidding among three general contractors pre-qualified by the Applicant and accepted by the Authority in order to mitigate and reduce project cost increases from the originally proposed budget. If required, competitive bidding for a General Contractor or project value-engineering shall be completed prior to the applicant's execution of a Carryover Allocation Agreement or receipt of an Authority-issued 42(m) letter.

All LIHTC developments must provide construction observation reports to the Authority on a current and regular basis, as defined by the Authority in its Construction Guidelines.

The applicant shall submit a cost certification accompanied by a certified public accountant's report in accordance with Section 1.42-17(a)(5) of the Treasury Regulations after substantial completion of the development and during the lease-up period. This cost certification must be submitted within the specified timeframe in order for the final funds disbursement to occur.

The applicant shall also submit Final Certificate(s) of Occupancy, affidavits of financing and such other information as the Authority deems appropriate for purposes of making the financial feasibility and viability determinations under the Code. The Authority's staff shall review the cost certification and make a preliminary determination that the amount of the LIHTC is necessary and appropriate, in accordance with the Code.

A-14. Compliance Monitoring

All qualified LIHTC developments are subject to review pursuant to the Authority's compliance monitoring procedures established in the QAP and LIHTC Guidelines.

A-15. Information

All processing and LIHTC award decisions made by the Authority shall be subject to the Code and the Regulations promulgated thereunder, the QAP and these Procedures.

A-16. Subsidy Layering

At the Authority's election and in accordance with a Memorandum of Understanding with HUD, the Authority performs Subsidy Layering Reviews on HUD's behalf for mixed-finance public housing projects and for newly constructed and rehabilitated structures which utilize Project-

Based Vouchers in conjunction with LIHTCs. This review is performed in accordance with the requirements of the Housing and Economic Recovery Act of 2008 (HERA) to satisfy the requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 (HUD Reform Act).

Tax Credit Programs
Low Income Housing Tax Credit
Revised: ~~4/26/2018~~
Adopted: ~~6/28/2018~~

EXCERPT OF
CONNECTICUT HOUSING FINANCE AUTHORITY PROCEDURES

V

TAX CREDIT PROGRAMS

A. LOW-INCOME HOUSING TAX CREDIT

The Connecticut Housing Finance Authority (the "Authority" or "CHFA") administers the federal Low-Income Housing Tax Credit ("LIHTC") Program for the State of Connecticut (the "State"). The LIHTC Program is a housing program authorized under Section 42 of the Internal Revenue Code (the "Code"), and is administered by the U.S. Department of the Treasury. These Procedures govern the allocation, reservation and the compliance monitoring required by the LIHTC Program. Other governing material includes, without limitation, the Authority's Procedures Part II. Rental Housing – A. Multifamily Rental Housing Program; policies, including CHFA Board policy statements; program materials, including the Qualified Allocation Plan (the "QAP"), the CHFA/DOH Consolidated Application ("ConApp" or "application"), the LIHTC general information, all associated guidelines, and CHFA's current Multifamily Design, Construction and Sustainability Standards, collectively referred to herein as "Administrative Requirements". The Authority's Board of Directors may reject any LIHTC application which, in its independent determination, fails to meet the requirements articulated in the QAP.

A-1. Qualified Allocation Plan

The LIHTC Program requires each state responsible for allocating the LIHTCs to approve a plan for the allocation of the credits that is relevant to that state's housing needs and is consistent with that state's housing priorities. The QAP is the plan for the State. The QAP establishes guidelines and procedures for the acceptance, scoring and competitive ranking of LIHTC applications for each funding round.

The QAP is reviewed and modified periodically to ensure that it continues to meet the affordable housing needs and the priorities of the State as articulated in the State of Connecticut Consolidated Plan for Housing and Community Development, Conservation and Development Policies: The Plan for Connecticut, and the Analysis of Impediments to Fair Housing Choice 2015. The QAP is also modified periodically to incorporate any revisions to the Code, State regulations, and relevant industry best practices.

When changes are proposed for an existing QAP, the Authority publishes the draft QAP reflecting such changes and conducts hearings to allow for public review and comment. After consideration of all comments received during the public review period, the Authority's staff submits a recommended draft QAP to the Authority's Board of Directors for its consideration and approval. After the draft QAP is approved by the Authority's Board of Director's, the QAP is forwarded to the Governor for approval.

A-2. Submission and Eligibility

A ConApp, in its most recent form, shall be completed and submitted by an applicant seeking tax credits. Unless otherwise specified herein, reference to "LIHTC" application shall mean 4% and 9% LIHTC applications. Each LIHTC application shall be evaluated pursuant to the QAP in effect and the Code. The completed application package must satisfy the Application Criteria established in the QAP at Section III.F. and the policy objectives and Administrative Requirements of the Authority. In addition to the Administrative Requirements and the Code, 4% tax credit applications may also be subject to requirements published in a Notice of Funding Availability (NOFA).

The determination of whether the applicant has satisfied all eligibility criteria and the policy objectives and administrative requirements of the Authority shall be made by the Authority's Executive Director or other authorized officer. The Authority's Executive Director, or other authorized officer, may require or accept additional or alternative evidence that an application satisfies all eligible criteria when it is in the public interest of the Authority, the LIHTC Program, and the housing plans or policies of the State.

The Authority requires that LIHTC developments submitted are ready to proceed and anticipates that such developments will achieve projected benchmarks. To that end, the Authority will consider the success of each Applicant in achieving benchmarks and delivering completed developments along with its capacity to undertake new projects given its existing pipeline. The process for such consideration shall be discussed with applicants at the pre-application conference and again at the time of application.

For the 2019 application year, all Applicants are invited and encouraged to attend a pre-application conference with the Authority. For the 2020 application year and beyond, all Applicants shall be required to attend a pre-application conference with Authority staff. Additional information on this process may be found in the Guidelines.

Effective with applications submitted in 2020, if an Applicant (including entities and principals thereof, and affiliates or related entities of either) has successful LIHTC development applications in both of the two preceding years, no additional LIHTC application(s) may be submitted for a subsequent development unless it can be demonstrated that the previously successful development applications are on track to meet benchmarks, in the Authority's sole discretion. Additional information on this requirement may be found in the Guidelines.

A-3. Processing

Upon receipt of a 9% LIHTC application submitted on or before the applicable deadline, staff will review the checklist for items submitted and perform an initial review of the 9% LIHTC application to determine if it satisfies the Application Criteria set forth in the QAP and the Authority's policy objectives and Administrative Requirements.

Any 9% LIHTC applications received by the Authority after the application deadline shall be denied and will be ineligible for 9% LIHTCs in such funding round. Additionally, applicants cannot submit threshold items after the application deadline. All applications must be complete at time of submission or will be ineligible for 9% LIHTCs in such funding round. The Authority reserves the right to seek clarification if necessary.

Upon receipt of a 4% LIHTC application, staff will review the checklist for items submitted and perform an initial review of the 4% LIHTC application to determine if it satisfies the Application Criteria set forth in the QAP and the Authority's policy objectives and Administrative Requirements. Applications must be complete in the Authority's sole determination before a financing proposal may be considered for approval.

CHFA will complete a final determination of program eligibility based on its final underwriting projections prior to initial closing.

A-4. Site Evaluation

The Authority's staff shall conduct a site evaluation to determine if the proposed development site is acceptable and satisfies the criteria of the QAP and the policy objectives and Administrative Requirements of the Authority.

A-5. Project Selection Criteria and Ranking Procedures

The Authority shall allocate 9% LIHTCs based upon the selection criteria and application ranking set forth in the QAP.

All applications for LIHTCs shall satisfy the Application Criteria established in the QAP at Section III.F. in order to be eligible. Applications failing to meet all Application Criteria established in the QAP shall be deemed ineligible.

Applications for 9% LIHTCs will be grouped in an Application Classification for evaluation as described in the QAP at Section III.E. These classifications are used for allocation within a competitive 9% LIHTC round only.

Applications will be evaluated, rated and ranked against the other applications in their respective classifications based on the scoring criteria established in the QAP at Section III.G. The results of the final evaluation and ranking shall be determined solely by the Authority.

In accordance with the Code, the Authority will establish a set aside of 10% of the annual credit ceiling for non-profit applicants. Therefore, no more than 90% of the State housing credit ceiling for any calendar year shall be allocated to projects other than those involving nonprofits, as defined in the Section 42(h)(5)(b) of the Code.

A-6. Waivers

Upon written request, waivers for the below limitations may be considered by the Authority's Board of Directors for developments that achieve an extraordinary public benefit, to be determined at the Authority's sole discretion.

(a) The amount of 9% LIHTCs reserved and allocated for any one development may be no greater than 20% of the population component of the total State housing credit ceiling, as described in Section 42(h)(3)(C)(ii) of the Code. The Board of Directors will not consider any request for a waiver of this limit if the per development amount exceeds the calculated amount by 15%.

(b) The amount of 9% LIHTCs reserved and allocated for any one development may be no greater than the product of $27,500 and the number of the qualified units in the development. The Board of Directors will not consider any request for a waiver of this limit if the per unit amount exceeds $30,000. Note that this cap may not be applicable in applications proposing a hybrid 9% and 4% LIHTC development.

Applicants may request that the Authority's Board of Director's waive these limitations in cases where extraordinary public benefit is to be realized from the proposed development and the limitation presents an undue hardship. Such public benefit and hardship must be documented in detail by the applicant as a part of its request for a waiver.

A-7. Funding Rounds

The LIHTC allocation process shall be conducted on the basis of open application and annual funding rounds with LIHTCs being allocated to those applications approved by the Authority's Board of Directors. Generally, the 4% LIHTC funding allocation process may be conducted on the basis of an open application process; however, a NOFA may be issued for competitive allocation, unless otherwise specified, subject to policy objectives and Administrative Requirements of the Authority. The 9% LIHTC funding allocation process shall be a competitive one as outlined in the QAP.

At least annually, the Authority's Executive Director, or other authorized officer, shall establish, and the Authority's Board of Directors shall approve, a schedule for LIHTC funding rounds.

LIHTC applications will be accepted subject to published deadlines, and the 9% LIHTC funding allocation process, and will be rated pursuant to the QAP within the funding round in which the applications are submitted.

(a) Application resubmissions: Any applicant whose 9% LIHTC application is unsuccessful in the current funding round shall be entitled to an additional resubmission in a subsequent funding round. The completed resubmitted application must satisfy the Application Criteria established in the current QAP and the policy objectives and Administrative Requirements of the Authority**.** Each applicant shall submit a second application fee. If a resubmitted application is not successful, any subsequent application contemplated must include material improvements. CHFA will determine if material improvements are included, in its sole discretion.

(b) Forward allocations: 9% LIHTC allocations in any calendar year will be limited to the State housing credit ceiling for the calendar year, as determined in accordance with Section 42(h)(3)(C) of the Code; however, with the approval of the Authority's Board of Directors, the Authority may commit to reserve all or a portion of subsequent year's estimated population component of the total State housing credit ceiling, as described in Section 42(h)(3)(C) of the Code.

A-8. Tax Credit Reservation

Approved 9% LIHTC applications will receive a Tax Credit Reservation, which must be executed by the applicant and returned to the Authority within the time period stated therein, along with a portion of the Tax Credit Servicing Fee. A Tax Credit Reservation is not an allocation within the meaning of the Code.

The 9% LIHTC reservation may be subject to other milestones or conditions set forth in the Tax Credit Reservation. Failure to meet such milestones or conditions may result in the Authority's cancellation of the Tax Credit Reservation.

A-9. Appraisal and Market Study

Refer to Procedures Part II Rental Housing, Sections A-7 Market Study and A-8 Appraisals for details on 4% and 9% LIHTC requirements. Both the Authority-ordered professional appraisal and market study are not required until after a 9% LIHTC Reservation has been executed. The receipt of the Authority-ordered appraisal and market study is required prior to the execution of a Carryover Allocation Agreement or issuance of a 42(m) letter.

A-10. Reassessment

At the conclusion of the Authority's Board of Director's adoption of resolutions confirming the 9% LIHTC ranking process, an applicant may apply to the Authority to reassess its decisions relating to the acceptance, scoring, or ranking of the application in the funding round. The application for reassessment shall be submitted in a form acceptable to the Authority within ninety (90) days of the Authority's Board of Director's funding round approval. The reassessment shall be conducted by the Authority's senior staff members who were not directly involved in the evaluation of the application. An application for a reassessment must be accompanied by the applicable fee as noted in the LIHTC Guidelines. Decisions regarding reassessments will be considered final and will not be reconsidered. In the event that the application for reassessment results in a change of scoring and an allocation of 9% LIHTCs, the reassessment fee shall be fully refunded. At the discretion of the Authority's Board of Director's, reassessments may result in a forward commitment of 9% LIHTCs in accordance with the current QAP and the policy objectives and Administrative Requirements of the Authority. A successful reassessment will not result in the cancellation of a previously approved reservation.

A-11. Electing Applicable Credit Percentage

Each development's Applicable Credit Percentage will be established by an irrevocable election by the applicant, based on published rates in effect in either (i) the month the development is placed in service or at the election of the applicant, or (ii) the month in which a binding agreement to allocate the credit is entered into between the applicant and the Authority. This election must be made after a 9% LIHTC reservation has been issued and must be executed by the fifth day of the month following the month in which the binding agreement is executed.

A-12. Issuing Tax Credit Allocations

For developments with 9% LIHTCs that will not place-in service in the year of reservation, initial allocations will be made upon meeting the requirements for a Carryover Allocation Agreement. Final allocations of LIHTCs will be issued by the Authority after a review of the cost certification and a determination of final project costs and sources of funding has been made. In instances of a forward allocation of credits, projects will have until December 1st of the credit ceiling year from which the forward reservation was made to satisfy the Authority's requirements for a Carryover Allocation Agreement. Failure to meet this deadline may preclude issuance of a Carryover Allocation Agreement.

A-13. Construction and Cost Certification

All applicants are subject to bidding requirements but may be exempt from having a General Contractor in place at time of application. The Authority reserves the right to require competitive bidding among three general contractors pre-qualified by the Applicant and accepted by the Authority in order to mitigate and reduce project cost increases from the originally proposed budget. If required, competitive bidding for a General Contractor or project value-engineering shall be completed prior to the applicant's execution of a Carryover Allocation Agreement or receipt of an Authority-issued 42(m) letter.

All LIHTC developments must provide construction observation reports to the Authority on a current and regular basis, as defined by the Authority in its Construction Guidelines.

The applicant shall submit a cost certification accompanied by a certified public accountant's report in accordance with Section 1.42-17(a)(5) of the Treasury Regulations after substantial completion of the development and during the lease-up period. This cost certification must be submitted within the specified timeframe in order for the final funds disbursement to occur.

The applicant shall also submit Final Certificate(s) of Occupancy, affidavits of financing and such other information as the Authority deems appropriate for purposes of making the financial feasibility and viability determinations under the Code. The Authority's staff shall review the cost certification and make a preliminary determination that the amount of the LIHTC is necessary and appropriate, in accordance with the Code.

A-14. Compliance Monitoring

All qualified LIHTC developments are subject to review pursuant to the Authority's compliance monitoring procedures established in the QAP and LIHTC Guidelines.

A-15. Information

All processing and LIHTC award decisions made by the Authority shall be subject to the Code and the Regulations promulgated thereunder, the QAP and these Procedures.

A-16. Subsidy Layering

At the Authority's election and in accordance with a Memorandum of Understanding with HUD, the Authority performs Subsidy Layering Reviews on HUD's behalf for mixed-finance public housing projects and for newly constructed and rehabilitated structures which utilize Project-Based Vouchers in conjunction with LIHTCs. This review is performed in accordance with the requirements of the Housing and Economic Recovery Act of 2008 (HERA) to satisfy the requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 (HUD Reform Act).

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Low Income Housing Tax Credit
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